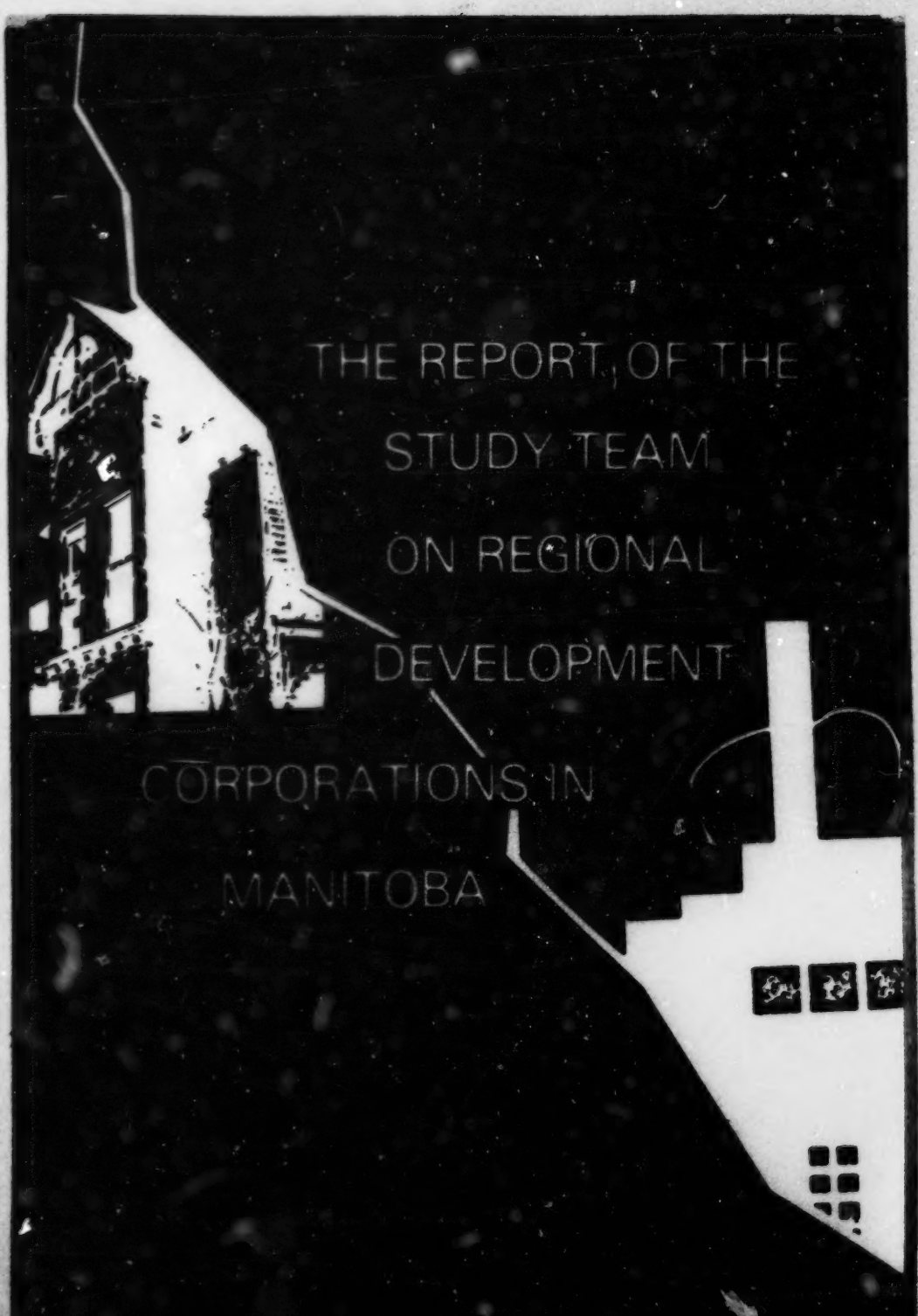
THE REPORT OF THE
STUDY TEAM
ON REGIONAL
DEVELOPMENT
CORPORATIONS IN
MANITOBA

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CHAPTER I

EXECUTIVE SUMMARY OF FINDINGS AND RECOMMENDATIONS

The Purpose and Role of Regional Development Corporations

There is little evidence of a municipal, regional or provincial development strategy common to or known by the membership of the regional development corporations.

While there was unanimous support of the term "regional development" there were widely divergent views of what those words meant. There appears to be no overall philosophy of regional development and no resulting criteria against which opportunities might be priorized or judged. Neither is there a core of development values and beliefs against which to judge the performance of the corporations or to allow the corporate shareholders to make such assessments.

There exists within both the public and private sectors a myriad of mutually exclusive plans serving the respective and parochial interests of their promoters. This multitude of plans is rarely articulated to or connected with the role(s) and efforts of the regional development corporations. These plans, while legitimate in the absence of an overall strategy, often appear to compete for influence and resources at the community level.

Each corporation, by its actions and activities, has evolved a purpose and role which appears to be acceptable to its respective board, but is often unclear and ill-defined at the community level.

There is a concensus among all of the corporations that regional development has moved away from a "smokestack" philosophy to a more holistic concept of development which includes the creative utilization of local resources, support to existing businesses and institutions, and quality of life issues, be they economic or social in character.

There is growing awareness in some corporations that the regional development process involves more than simply chasing and acquiring industry; it is also very much concerned with the development of a regional "consciousness" in which pro-active and co-operative planning and decision-making between and among member communities is a critical factor. Unfortunately most corporations are still likely to be judged by a smokestack count rather than on their ability to initiate cooperative planning at the grass roots.

Recommendations:

1. **In order to provide for a commonality of purpose and a core set of beliefs and values which will provide form to the activities and priorities of the regional development corporations, the Province and the member communities must develop a new philosophy statement in keeping with the development needs of the eighties and as an initial step to the creation of individual regional development strategies.**

2. Once a statement of philosophy has been completed, each corporation would be required to produce a strategic plan which would illustrate how it expects to apply the philosophy to its region in meeting the aspirations, goals and development needs of the member communities.

Regional Boundaries and Size

Regions have been historically designated around potential growth centres creating an "elephant and mouse" syndrome with many of the smaller communities and municipalities.

Regional boundaries, as currently defined, appear to be one of several overlapping regional jurisdictions that have been administratively imposed from the outside and with little connection between jurisdictions that appear to be mutually interdependent. (e.g. planning districts)

The size of the region was frequently cited as the prime difficulty in accomplishing the task (too large) and as the reason for the disaffection of some of the fringe municipalities (too far away).

In some corporations the size of the region was seen as a desirable asset for collecting lobby power with which to deal more effectively with senior governments.

It was generally felt that one hour's driving time or approximately a 100 Km radius, is probably the maximum one could expect community leaders or volunteers to drive on a regular basis and on their own time.

The development of a "regional consciousness" is not necessarily tied to the regional boundaries as they exist at present.

Recommendations:

1. Regions need to be redefined so as to accommodate the "natural connections" which are emerging and which tend to promote the development of a regional community consciousness among member communities. Because this is an emergent phenomenon, some experimentation through pilot projects should be undertaken before any wholesale redefinition of regions takes place. More specifically it is recommended that:

   a. the communities representing the Red River Corridor be given the opportunity to organize (as a pilot project) as a separate entity.

   b. the district zone concept operating in the Parkland region be further developed, as a pilot, toward semi-automonous sub-regional development "associations" operating under the umbrella of the existing corporation.

   c. that, as a pilot project, Portage la Prairie be designated as an industrial commission and the activities of Central Plains be refocused on the smaller member communities in the region to specifically explore the logistics of a symbiotic relationship between an "elephant" and a "mouse".

d. that the situation in the Westman region be allowed to remain inactive until such time as the municipalities themselves express a wish to explore a regional development process in accordance with the new philosophy.

Funding

In all regions but one, current funding levels were felt to be inadequate for both effective staffing and research money. In addition, it was felt there was no ready access to development money.

While it was acknowledged that other programs such as SPECIAL ARDA, NEED, and CEDF had development dollars available, there seemed to be little formal connection between their agencies and programs in the regional development corporations.

There appeared to be little perceived connection made by the regions between the source of funds, ownership and accountability considerations. Municipalities often said that they received their update on the corporations each year when the corporation came for funds. The regions saw little interference or accountability demand from Province even though the majority of funds came from that source.

Few regions saw any major distinction between provincial or municipal funds, regarding them all as tax dollars.

All regions were unanimous in the feeling that the Province should remain the majority funder citing the loss of smaller communities if an increase in municipal assistance was required.

The total dependency of the corporations on tax dollars placed the quasi-corporate independence of the regional development corporations in some doubt even though a great deal of emphasis was placed on the need for such independence.

Recommendations:

1. In acknowledging the need for additional funding we would recommend that funding be tied to a multi-level formula which acknowledges the degree to which the individual corporation involves itself in the development process; a four level model might include:
   a. a core administrative budget which includes existing municipal and provincial contributions.
   b. a development activities budget tied to the strategic planning process.
   c. some program capability as outlined in an approved strategic plan.
   d. access to a centrally held projects fund for major undertakings or opportunities.
2. Included in the strategic plan should be the pursuit of private funding and/or the expansion of the membership base as a capital generating activity.

3. There needs to be a separation between user fees and membership fees as well as a user pay system which will discourage an inordinate amount of the corporation's time and resources being expended by one or two influential members on the projects of non-members.

4. In order to maximize the impact of development dollars within any one region, ways must be found to "package" disparate development dollars into a resource which can be annexed by a sound regional development strategy.

Organization and Accountability

There was a strong case made in all regions that membership should be limited to elected municipal representatives or at the very least to those who were appointed by council. The point was made repeatedly that "other people" were not directly accountable for "tax dollars." Notwithstanding this sentiment, the study team saw no evidence that this membership criterion either protected tax dollars, stimulated local participation, or fostered a deeper sense of accountability to the member councils. Indeed, the existing membership policy may preclude the meaningful involvement of groups and individuals who have a commitment and legitimate role in development activities in the region.

There are variations in the way regular and ex-officio members of the board participate. In some boards ex-officio members are always present and always active; in others they appear to be invited for specific purposes. In some boards the ex-officio membership is composed entirely of government representatives while in others, ex-officio membership is entirely composed of ex-directors who have shown a continuity interest in the affairs of the corporation.

The importance attached to corporate representation varies considerably in some regions and within some regions. In some cases the municipalities see the responsibility so important that the mayor serves as the corporate representative; in others, the task is delegated to the junior councillor who may or may not be interested and who invariably has to report back to an oft-times disinterested council.

Although all regions had made some overtures to Native organizations and, in the north, the N.A.C.C., there was a great deal of perplexity and concern evident over the inability of the regions to attract Native participation on a continuing and regular basis.

There is a direct reversal of what is considered normal corporate membership privilege within the corporations. Representatives of the major funder are ex-officios without voting privilege while members of the minor funders are eligible to vote and serve as regular directors.

There appeared to be no will to change the current membership criteria and, in fact, some resistance to ideas for broadening the membership base.

There is no consistent pattern in the way boards are formed. In some cases all municipal representatives serve as directors; in others, there was an election process and in still others there was a zone system in place.

The only formal relationship, in terms of accountability, that was recognized and expressed was that which existed between the board and its active member communities. The main communication link between councils and the corporations appears to be the respective council representatives, with varying levels of interest in and knowledge of corporate activities expressed by individual councils.

The idea of government representatives on the boards met with mixed sentiments. Some felt such a relationship would be highly desirable; others felt that the informal participation of a senior official from Business Development was sufficient. Still others expressed some concern that a formal relationship might result in undue government influence.

Involvement in "local politics" was often cited as not conducive to good corporate policy. However, the case was also made that for sound grass roots participation to occur, the corporations needed to deal with "local politics" rather than ignore them.

In concept, the affairs of the corporation are determined by the board; in practice the affairs of the corporations are often determined by the managers. Indeed, most felt that a strong general manager was the key to the success of the corporation.

Most requests for internal changes or additional capacity were aimed at further strengthening the managers' capabilities while, at the same time, it was observed that it was the board that was more directly in need of a renewed and refocused "raison d'etre".

There was no direct dissatisfaction expressed at the internal organization of the corporations, nor any observed discomfort about the way in which responsibility, authority and leadership was divided between management and board.

With the exception of long time insiders, current board and ex-officio members and past associates, there was little evidence of continuing formal relationships with other community groups or development organizations, except in cases where "insiders" to the corporations were also active in these other organizations or where a specific project relationship currently existed.

There does not appear to be a normal pattern of relationships either inside the corporation, (i.e. shareholder to directors, directors to managers) nor any consistent external market relationships (such as client/organization, consumers/supplies) even though it is recognized that the latter relationships are a product of function.

In some instances, corporations have forged fairly substantive relationships between themselves, seekers of assistance and government resources. This is seen as desirable by some, but is also resented by others who perceive the corporation as another level of bureaucracy between themselves and their senior governments.

There appeared to be no perceived accountability relationships between the corporation and the provincial or federal government; at least not in the way the accountability relationship between a corporation and its major

shareholder would normally be perceived. Some sense of accountability was expressed toward the provincial government, but the federal government seemed to be more a benevolent banker than an active partner in the development process.

It was observed that even where other government departments were actively and currently engaged in developmental planning activities (District Planning Boards), there was little evidence or appreciation of the connection between such activities and the role of a sound pro-active development corporation. In fact, the opinion was expressed on a number of occasions that the corporations have *no* place in certain boardrooms and/or development decisions and processes.

Recommendations:

1. In order to encourage and expand grass roots participation in the development process, and to capitalize on the interests and energies of individuals and groups who are not elected councillors and who provide additional capital funds to the corporation, it is recommended that voting membership in the corporation be open and that all (members) be eligible for elections to the governing board(s). Alternately, member councils should be encouraged to use their membership prerogative to actively seek out and appoint, on their behalf, individuals who would be the most competent to represent the council as general members and, because of interest, knowledge and willingness to serve, would be suitable candidates for election to the board of directors.

2. Boards should be elected by and from the general membership and should be of a size that is manageable, efficient and a reflection of the membership of the region. Affiliation or membership in any group or organization should not automatically guarantee a seat on the board of directors.

3. Notwithstanding the foregoing recommendations, contributions made by governments, organizations, or individuals should not commit such contributors to active membership nor demand active participation from them. There needs to be provision for other forms of membership which will allow for various levels of participation and responsibility at the discretion of the donor or patron.

4. In the regions which have a significant Native population, care must be taken in the development of the regional plan to provide for the consultation, participation and inclusion of the Native communities.

5. Just as there needs to be an articulation of the "new" philosophy, so too does there need to be a rationalization for the use of a corporate model as the most effective vehicle for regional development. Assuming the corporate model is chosen, the rationalization must necessarily articulate the rights and responsibilities of all shareholders, of directors, officers and staff of the corporation and the relationship between them and to other external development agencies and/or consumers of their service.

6. In addition to these corporate relationships, there needs to be a deliberate move to place the corporations into the proper relationship with other groups and agencies who currently operate in the overall development market. This "market share" definition is an integral part of the strategic planning process referred to earlier, but is considered important enough to warrant special mention because of the state of the regional development market and of the need to legitimize the role of the development corporation in the market.

7. There must be a deliberate attempt on the part of the corporations to deal constructively and co-operatively with both the disaffected membership and those other agencies and institutions which have a continuing and legitimate role to play in the overall development process.

8. Given the choice of strengthening the staff capacity or strengthening the board and its active involvement in the development process, we would recommend that first priority be given to strengthening and enriching the board's involvement by:
   - orientation and development of third sector boards;
   - on-going seminars related to development issues, planning techniques, etc;
   - instituting a system of part time commissioners/directors with responsibilities for a specific development sector with the region (e.g. Fisheries Commissioner).

9. Finally, we would recommend that any increase in staff capacity be tied to and dependent upon the provision of the individual corporate strategic plans.

CHAPTER II

INTRODUCTION

In April of 1983, M. O. Harvey and Associates contracted with the Manitoba Department of Business Development and Tourism to conduct a review of Regional Development Corporations in Manitoba. The purpose of the review was to:

1. assess the performance of regional development corporations relative to their objectives of:
   - promoting, encouraging, assisting economic development;
   - assessing regional potential (for economic development);
   - investigating inhibitors to economic development and to recommend improvements to overcome them;
   - cooperating with others to achieve the purpose noted.
2. obtain recommendations to improve the effectiveness of the corporations in the light of present and anticipated future socio-economic circumstances with respect to the following four general areas of concern: purpose and role, regional boundaries and size, funding, and organization and accountability.

A two dimensional study process was designed which included a series of public hearings in 23 rural and northern communities throughout Manitoba, coupled with an "internal" review of the achievements of each R.D.C. relative to their stated objectives as outlined in the preceding paragraph. Letters inviting participation in the hearing process were mailed to every elected municipal official in Manitoba, to their respective councils and to other appropriate local institutions (such as the Chamber of Commerce) where such institutions could be identified as operationally active (see Appendix C). A study schedule was drawn up (see Appendix B) and subsequently a letter requesting internal information was mailed to each of the six active regional development corporations.

Our original intent was to obtain, through the hearing process, a picture of how interested people and member councils saw regional development corporations relative to their own convictions as to how regional development should take place. We expected that the hearings would, generally speaking, offer the opportunity for interested "outsiders" and secondary "insiders" to speak to the issues we had been contracted to address. This was to be our opportunity to view the corporations in the environments in which they worked.

In addition, we felt that in order to assess the performance within the corporations with respect to their stated objectives, we needed to have some internal view of this perception, together with key documents, which would serve as base references for an internal review.

In total, the study team met and discussed regional development with 101 individuals and reviewed 73 written statements and/or briefs. Also, we

acquired comprehensive data from five of the six active regional development corporations.

As the study unfolded we noted a significant difference in process, knowledge and results from that which we had originally anticipated. That change, which we felt to be a positive and exciting one, revealed itself in three separate ways:

a. the hearings were attended by a far larger number of "insiders" than we had originally expected to be the case.

b. the objectives of the corporations, while important and relevant to the task, proved, as is often the corporate case, to be largely immeasurable, both quantitatively and qualitatively.

c. our findings indicated that these objectives, with a reasonable allowance for regional perceptual differences and individual corporate culture, were being actively pursued by each of the corporations, but the expectations held by the key member councils and the interested citizens were different from, and largely unsatisfied by, the activities within the corporations. We found that corporations did, each to varying degrees and each within an individual operational activities framework, actively engage themselves in the objectives referred to earlier. In that same regard, we noted that these objectives defied any meaningful evaluation.

Promoting, encouraging, assisting, assessing, investigating and co-operating are all meaningful and highly commendable pursuits. However, each has various levels of sophistication and each can be said to be being appropriately done at any of these levels at any point in time. For example, promoting can range all the way from speeches at dinner banquets to a highly sophisticated marketing campaign influencing thousands of people. Each might also be appropriate to the task at hand. That same range and appropriateness applies to all of those activities and we found them all to be active in each of the operating corporations. However, as we talked to people it became more apparent that even if a corporation pursued these objectives with dedication, diligence and within the framework of each board's perception of how these things should be done, the organizational roots from which corporate substance is obtained and corporate life guaranteed were not being satisfied. Thus we came to a conclusion about the study process and a decision about what was most important to future corporate well-being.

What had emerged was a picture of dedicated board members and managers pursuing a previously assigned set of objectives in ways that their collective and experienced assessment of organizational circumstance told them to be the most appropriate. How they chose to do so and the sophistication levels used could be subjected only to a value judgement which, in the face of the organizational evaluation and history, would have been eminently unfair, yet we were being told with increasing frequency and forcefulness by key support groups that regional development corporations were not "doing what they should do". The conclusion was inescapable; the regional development corporations in Manitoba did not have internal opera-

tional difficulties. They had instead, serious and potentially fatal philosophical difficulties.

This realization brought many previously observed operational concerns into proper focus. It provided a proper context in which to view the "Catch 22" position of the regional development manager; a position which saw him devoting an inordinate amount of time to keeping members in the fold and at the same time losing their support by not having time to carry out their (often inarticulated) development expectations. It allowed us to see more closely what disaffected members were disaffected about. It provided an insight which allowed us to get through the "presenting" problems of those who took issues with the corporations and to determine the true source of their dissatisfaction. Most importantly, however, it made us see what our most important contribution to the corporations had to be; we determined that our real responsibility lay, not in a description of what constitutes good "regional development" in the theoretical sense, nor in a prescription as to how corporations might become classical examples of sound regional development structure. Rather, we realized, we had to try to place the symptoms of organizational ill health that we were hearing about against a backdrop of sound corporation/shareholder relationships and provide a diagnosis to those who might otherwise ignore the early stages of organizational deterioration and, instead, seek an internal operational course and cure for that which is largely an environmental difficulty.

We needed to be able to convince the many dedicated and serious individuals we met, who had labored long and hard in the relatively thankless field of regional development (a field where every result is credited to someone else), that we, as consultants, took no formal issue with the way they "did" regional development. We could not definitely say they were or were not doing things right. Of far greater importance would be an ability to convince all those to whom this report is directed that good corporate health seldom, if ever, depends on "doing things right". Continued corporate health and prosperity depends instead on the ability to do the "right things right", not only as the corporate board and the management believes those "right" things to be, but, also, as those who make up the organization's roots believe those "right" things to be.

We attempt, on the following pages, to make that case.

CHAPTER III

THE PURPOSE AND ROLE OF REGIONAL DEVELOPMENT CORPORATIONS

"To know what a business is we have to start with its purpose. Its purpose must be outside of the business itself. In fact, it must lie in society since business enterprise is an organ of society."[1]

Regional Development Corporations in Manitoba are an instrument of the society in which they first appeared, the 1960's. It was the Committee on Manitoba's Economic Futural and the COMEF Report of 1961 that foresaw the need for a vehicle to support the concept of "Regional Growth Centres" throughout the province and which, in turn, were going to help stem the tide of population migration from rural Manitoba into the city of Winnipeg, or worse, out of the Province. If each and every small town could not be saved, at least the amenities of several medium-sized communities could be enhanced as attractive locations for both people and industry. The corporations of the sixties, then, were expected to play a major role in promoting, encouraging and attracting economic (industrial) development activity within their respective regions as an integral part of this growth centre concept. Chasing footloose industry was the major and legitimate function of the corporations in the eyes of both governments and residents of rural and northern Manitoba.

However, with the change in government at the end of the decade, a new philosophical expectation for local development emerged and became popularly known as the "Stay Option", government's pledge to allow Manitoba's residents the choice of remaining in their home communities, if they so chose, and receiving a measure of quality of life and opportunity for employment through a combination of local development stimuli. Notwithstanding the overzealous misconception of a smokestack in every town, regional development corporations were now expected to not only stem the movement of people, but also to stem the demise of main street business in an attempt to reverse the decline of small towns. Understandably, expectations were again raised, both for the survival of small communities and in the role regional development corporations would play in that survival.

Once again, however, by the end of the 1970's both the government and the economy had changed, creating not only a vacuum in community and regional development philosophy, but also a mixed and confused expectation of regional development corporations. As economic growth slowed virtually to a halt and industrial development opportunities dwindled to one or two rumored mega-projects, competition between communities and, indeed, regions began to erode what might be termed a "regional conciousness" and "symbiotic cooperativeness" that earlier supported the concept of regional development.

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1 Peter F. Drucker, *People and Performance: The Best of Peter Drucker on Management* (Harper and Row 1977) Page 89.

Today, midway through 1983, the study team could find little evidence of an over-riding philosophy of development at either the community, regional or provincial level that was known to the members and customers of the development corporations. As a result, the public hearings produced almost as many different definitions of what regional development should be and what regional development corporations should do as there were respondents. Some saw the industrial development model as still valid; others felt that a broader, more holistic approach to development could include such pursuits as locating and attracting regional health personnel, saving small schools, taking up the cause against glue sniffing, providing counselling to small enterprises, all as legitimate issues for consideration by the regional development corporations. While opinions were mixed and varied, it became obvious that there was no clear common set of expectations against which the corporations could be or were being judged, nor a central core of values and beliefs about the essential ingredients of sound development activity and, therefore, no criteria for minimizing and allocating the corporations resources and project options.

Understandably then, in the absence of a clear and commonly held development philosophy and a shared sense about the corporations' role as a vehicle for achieving a set of development goals, we were similarly unable to discover an over-all development strategy at either the regional or provincial level. As well, where sub-regional (district) and community "plans" were being developed under, say, the Municipal Planning Act, there were few formal connections of even acknowledged relevance between these plans and the work of the Regional Development Corporations.

Indeed, there is no dearth of individualized plans within any one region or community. Between the myriad of federal, provincial, municipal and private sector initiatives geared to job creation and community infrastructural upgrading, there are probably several dozen "mini-strategies" at work at any one time within a region. However, these activities and opportunities are rarely known to anyone other than those directly involved, and certainly do not appear coordinated as pieces of a widely determined development plan for the community or region. Each of these plans, while legitimate in the eyes of the respective sponsor and recipient, often end up overlapping or competing for resources and influence within any one community.

The result of this confusion over philosophy, purpose and role definition has been that each regional development corporation has, by its particular response to these changing expectations, involved a purpose and role which appears to be acceptable to its "insiders" or board, but is often unclear and ill-defined at the community level. Generally, the boards appear to have accepted, with little question, their own and their manager's role and function as described by the activities in which they engage, be it lobbying government, getting together regularly to share ideas, supporting each other's local concerns through resolution, or generally "promoting" the region to prospective newcomers through tourism or industrial development incentives.

On the other hand, "outsiders" to the corporations, those who are either representatives of disaffected councils, local institutions or other senior gov-

ernment officials who may themselves have a development mandate, often questioned the "output" of the corporations as measured by a "smokestack count". This may, indeed, be an unfair assessement of the value of Regional Development Corporations since it was apparent to us that those who had struggled through the changes in rural, political and economic climate during the past 15 years were aware (correctly we believe) that the regional development "process" had as much to do with fostering collective and cooperative planning and decision-making between and among member communities as it did chasing footloose industry. Indeed, we sensed a growing skepticism of the long-term desirability of one-industry big bang development and a definite move toward the support for, and modest growth of, the smaller resource-related enterprises which provide the basic quality of life amenities to most communities. Similarly, there is a growing understanding that industry does not make attractive, stable towns; attractive, stable towns attract industry, business and professional services and, moreover, "sound development" considers what kind of industry, business and professional services best suit the future needs and quality of life desired by the local residents.

The Study Team did not feel it their place to define what the ultimate purpose and role of regional development corporations in Manitoba should be for the 1980's. However, it is our conviction that until this is clarified and affirmed by both the major and minor shareholders of the corporations, amendments to boundaries funding and organizational structure are of little value. Research of the literature on regional and community development models reveals a number of interesting options in this regard[2], but the authors describing these structures all caution that a philosophy or mission statement encompassing all of the elements believed (by the shareholders) to be essential to sound development needs to be developed, understood, and articulated before determining customers, markets and delivery mode.[3]

We would, therefore, recommend that:

> In order to provide for a commonality of purpose and a core set of beliefs and values which will provide form to the activities and priorities of the regional development corporations, the Province and the member communities must develop a new philosophy statement in keeping with the development needs of the eighties and as an initial step to the creation of individual regional development strategies.

More specifically, we would urge that the development of this philosophy statement be seen as an immediate and necessary first step, particularly on behalf of the provincial government, in the reaffirmation of regional development corporations in Manitoba and before any major reallocation of jurisdiction, resources and organizational structures take place. We would further specify a regional development "summit conference" involving key provincial, federal and municipal representatives together with full representation from each of the existing development corporations throughout

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2 See Reference Heading List on Regional and Community Development Organizations in Appendix.

3 A particularly interesting and relevant comment in this regard is contained in *Contact: A Regional Development Experience on the St. Laurence Upper North Shore*. The Comeau Group, 1983 Page 46-48.

the province.[4] The objectives of this summit conference would be to hammer out a philosophy or mission statement which could be understood and articulated as the development direction of the eighties.

Our second recommendation with regard to the purpose and role of regional development corporations is that:

> Once a statement of philosophy has been completed, each corporation would be required to produce a strategic plan which would illustrate how it expects to apply the philosophy to its region in meeting the aspirations, goals and development needs of the member communities.

In developing their strategic plan, each corporation would be required to examine the particular social, political and economic environments likely to be present in their regions over the next ten years, identify the needs arising from the environment and the capability of the organization to manage or compete in this environment. Finally, each must examine how the organization should prepare itself to answer the question, "What should our organization do and which market(s) should it serve?" Careful analysis of these questions will then lead to the more functional requirements of boundaries, funding and/or organizational structure.[5]

4 Including perhaps some representatives from sub-regional/local groups i.e. 7 regions.

5 See McConkey, Dale, "Strategic Planning in NonProfit Organizations" in *Business Quarterly*, 1981

CHAPTER IV

REGIONAL BOUNDARIES AND SIZE

The second aspect of regional development corporations that the study team was asked to examine was the question of regional boundaries and size. As noted earlier in this report, a definitive recommendation in this matter is virtually impossible until the question of purpose and role is clearly articulated. Notwithstanding that caveat, the study team asked, at the public hearings, opinions about regional definition, size and effectiveness.

To place the regional structure into a historical and bureaucratic context, it should be noted that the existing regional development corporation boundaries are simply one of many geographic designations used by government to delineate jurisdictional areas. Indeed, the Manitoba Government has described some 28 "boundaries" throughout Manitoba which include, but are not limited to, weed control districts, judicial districts, health regions, and land use planning zones.[1] It would appear that the corporations' boundaries were designed after the agriculture representative regions and enlarged enough to accommodate the growth centre concept of the sixties.

What has evolved, however, as an outgrowth of the early development thrust, is an "elephant and mouse" syndrome between what became selected growth centres and the surrounding towns and villages. The "elephant and mouse" feeling was often given as the reason for the demise of the Westman Development Corporation (Brandon got all the benefits) and, indeed, reflects a measure of discontent in each of the other southern development regions. On the other hand, it was acknowledged that industry does not "make" a community; rather, industries are attracted to communities which already offer a level of amenity in recreation, religious life, educational opportunity and workforce population. While at first glance the argument may smack of the chicken and egg debate, the comment does have significance for those who define regional development as economic development. Business and related professional community services are drawn to and settle in towns which have shown, on their own initiative, a commitment to and investment in their own community first. Conversely, they are not attracted to towns which are sitting back waiting for the footloose expatriate to "make it all better".

In any event, the Study Team heard repeatedly that one or two centres seemed to command the majority of attention from corporation staff and that one of the reasons for that was that they were just too far away from the office/growth centre. The extension of that concern brought an almost unanimous feeling that all of the regions were too large to be effectively served by one staff person. However, when asked if the region should be divided, the consensus seemed to be that, under certain circumstances, the largeness of the region was a benefit, particularly when it came to "lobbying" government. Rather than splitting up the region, the addition of

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1 See Province of Manitoba, *Official Department Boundary Sizes*, July 1975.

field staff to each office was considered a more effective way of dealing with size. One corporation (Pembina Valley) alternately chose to move their head office periodically in an attempt to ensure that no one community could forever monopolize (by sheer proximity) the attention of the manager.

Regional size was also cited as a consideration in making effective the contribution of volunteer board members. The age old rural "rule of thumb" of an hour's drive to do business still seems valid, at least in the southern regions. Certainly, where driving time exceeded an hour or 100 km, the interest in and attendance at meetings dwindled considerably, save for a few dedicated souls. In northern Manitoba, on the other hand, several hours travel (by car) is necessary and accepted, save for the excessive travel costs and time away from normal work routines.

Possibly one of the most interesting aspects of our discussion around regional boundaries focused on the concept of a "regional consciousness". In virtually every region, there were those who spoke, not about geographic boundaries, but rather a sense of "oneness" with and between communities and people. Individuals spoke of being "northerners" first, residents of Churchill secondly, or, we are from the "Interlake", as if that described more than being from Ashern or Gimli. And although statistical inference can not be quantified from such comments, it would appear that those who felt this way also believed strongly in the regional development corporation concept and had supported and contributed to it considerably over the years. They were the ones who sincerely believed in the notion of symbiotic cooperation; a working together of big and small and sharing in the long term gains to the region as a whole, as opposed to expecting immediate and local benefit from each activity.

This regional conciousness also appeared at a sub-regional level where a group of individuals and communities shared a common set of values, goals and concerns, which they perceive may be different from another collection of towns on the other side of the region. This sub-regional identification was particularly evident in the communities along the Red River and again, in the Parklands Region. Administratively, the Red River has been seen as a natural boundary between east and west. Historically, culturally and economically, however, the river is the "main street" which ties the communities on both sides together, even with their linguistic differences. In the Parkland, it was expressed that the communities along Manitoba's western border had more in common with their Saskatchewan neighbours than with those communities along the lakes to the east of the region. Similarly, the Swan Valley claims a special identity within the region.

The conclusion that emerged, then, was that some experimenting, through a series of pilot projects, might be a way to explore and test the viability of these naturally evolving regions, again with the caveat that until the matters of mission and purpose are settled, any boundary change would be premature. Assuming, however, that some exploration is initiated, we would recommend that new regions need to be redefined so as to accommodate the "natural connections" which are emerging and which tend to promote the development of a regional community consciousness among member communities. Because this is an emergent phenomenon, some

experimentation through pilot projects should be undertaken before any wholesale redefinition of regions takes place. Some possible examples of redefinition are:

a. the communities representing the Red River Corridor be given the opportunity to organize (as a pilot project) as a separate entity.

b. the district zone concept operating in the Parkland region be further developed, as a pilot, toward semi-automonous sub-regional development "associations" operating under the umbrella of the existing corporation.

c. that, as a pilot project, Portage la Prairie be designated as an industrial commission and the activities of Central Plains be refocused on the smaller member communities in the region to specifically explore the logistics of a symbiotic relationship between an "elephant" and a "mouse".

d. that the situation in the Westman region be allowed to remain inactive until such time as the municipalities themselves express the wish to explore a regional development process in accordance with the new philosophy.

The Red River Corridor proposal[2] received consideration for two reasons. Firstly, there has already been considerable energy and interest generated in the preparation of communities and individuals to the concept of a "community based" development process. This community based process would seek to animate and involve local residents to organize a local development group which would plan a development strategy for their respective communities. Once each community had developed its plan, a strategy for the region may (or may not) emerge, requiring a "regional organization". However, until that time, the Corridor Development group would primarily act as facilitators, animators and trainers to the local process. The appeal of the approach relates directly to earlier observations that, essentially, regional development begins at home through a collectivity of local plans and improvements, as opposed to a superimposed umbrella strategy. Secondly, the proposal captures the essence of a "naturally defined" region whose towns and municipality share a common issue (flooding), a common economy and a common land (river valley).

In the case of the Parklands Region, there are already six "zones" designated within the region, one of which has already moved to more formally declare itself as a sub-regional development association under the umbrella of the parent corporation. Given the comments and observations made at the public hearings, it would seem that a natural extension of what is already in place would simply serve to more deliberately focus attention on the development needs of sub-regional units. It is our contention that this pilot project would explore the idea of several semi-automonous sub-regional associations remaining under the umbrella of the existing corpo-

2. Will be published in Appendixes of the Report on *Specific Regional Development Corporations* to follow.

ration which, of course, has major implications for the role of that umbrella entity.

In the Central Plains Region, we found a very successful continuation of the growth centre concept of regional development. Portage la Prairie has clearly provided the ingredients which attract large to medium sized industry, including a proportionately high contribution toward the work on the Regional Development Corporation. While there remains some resentment to Portage "getting all the benefits", there is also an acknowledgement that Portage has, along with its industrial growth, provided neighbouring communities with a strong, credible market alternative to Winnipeg. Still, there is a nervousness about the obvious benefits to Portage in relation to other communities in the region. Our recommendation, therefore, not only seeks to legitimize the growth centre model in this region, but to further change the corporation by developing ways to effect a more equitable relationship between the "elephant" and the ... mouse," ie., accept the inevitability of an industrial centre, but strategically plan with the other communities in the region the best way to maximize their return from a coexistence with the "elephant".

Finally, it is our belief, gleaned from the sentiment experienced at our western Manitoba hearing, that the Westman Regional Development Corporation should remain inactive, or at least not be resuscitated from the "outside". A lingering antipathy and, in some instances, antagonism toward the corporation, particularly related to the latter couple of years of its existence, would indicate that there is little will to reconsider the concept in this region.

One interesting alternative was, however, suggested by the Executive Director of the Manitoba Chambers of Commerce and former advisor to the corporations. It would seem that many of the rural chambers are, too, experiencing a period of staff examination and a need to revitalize and refocus their sense of purpose. It was suggested, therefore, that perhaps the process of renewal could be in the direction of a "regional chamber", a collectivity of rural chambers in a designated region, such as Westman, which would jointly meet to discuss issues, concerns and solutions relative to the economic community in that region.

Our recommendations related to regional pilot projects did not include Norman, Interlake or specifically Eastman, although the Red River Corridor proposal will impact on that corporation. While Norman encompasses the largest geographical territory of any of the regions, the concensus of that region was evident and seen as desirable by most respondents in the Norman region. Similarly, the Interlake, while slowly losing its southernmost membership, continues to see itself as a whole, at least in the central and northern portions of the region. With Winnipeg's influence moving farther and farther into the periphery, many of the fringe municipalities in all directions have begun to relate more to the city than to their rural neighbours beyond.

Eastman, quite frankly, was found to be unique, exhibiting few natural trends which might be considered as alternatives, yet suffering from both the proximity issue (to Winnipeg/Selkirk) as well as a general disenchant-

ment with the faded promise of industrial development. Those who felt the region to be too large for one person to serve, reported a growing dividing line at Highway #1 East, yet felt that the region should remain intact as both a lobby force and as a potential membership base. Once again, the boundary question will only become meaningful after the corporations and their shareholders redefine their purpose and role in the regional development market.[3]

3 The concept of a regional development "Market" is discussed at length in Chapter VI, "Organization and Accountability."

CHAPTER V

FUNDING

The third area of examination called for in the review concerned the funding of regional development corporations. The Study Team was asked to investigate, not only sources and amounts of funding, but also criteria, method, and terms of dispersement.

Not surprisingly, most of the presentations received indicated a need for additional funding. Current operational budgets appear to allow little in the way of "research" money (for market studies and regional profiles), "program" money (for seminars, workshops and resource fairs) or "development" money (as to project start-up funds). In addition, it was felt that there was insufficient money allotted staff salaries in order to pay managers a level of salary commensurate with tasks and skills demanded of them. Finally, the northern region made a specific and understandable case for additional travel funds.

At the same time that the claim was being made for additional funding of Regional Development Corporations, it was also acknowledged that other development type programs such as SPECIAL ARDA, LEAP and CEDF, indeed, had access to research and project funds, but that this source of financing was rarely formally connected to the activities of the regional development corporations. Just as the various mini-plans, active in any one community or region, seldom connected with each other formally as part of whole, so too the development dollars in the region were rarely "packaged" in a way that provided sufficient funds to an integrated project. There did not even appear to be common knowledge of the various development programs available through government, or even where one could acquire that kind of information. Funding for regional development corporations generally comes from two sources: membership assessment (municipal tax base) and an annual grant from the provincial government. In some corporations, "associate" or "affiliate" memberships provide additional revenue from the private sector, although their contributions make up a relatively small proportion of the annual budgets. Similarly, the proportion of the budget covered through municipal membership accounts for between one third and one fifth of the total amount. Assessment formulas in each region vary and are usually based on a per capita assessment. An alternative of assessing membership on a percentage of annual budget (municipal) was suggested by several respondents.

When asked whether this funding formula was adequate, few felt that an increase in municipal funding would meet with approval. There were, though, some who argued that at least 50 percent of each budget should be raised locally as an indication of commitment to, and control of, the corporation. However, the majority of those commenting on this topic seemed to favor the status quo, citing the loss of smaller communities, if their assessment was to be raised. An observation commonly voiced was that "its all tax dollars anyway, so what difference does it make which level of government pays?"

For this reason, there seemed to be little connection made between the source of funds and what normally would be the "rights" of the major shareholder. Practically all respondents accepted the senior governments as the major shareholder with many suggesting they should provide more monies, yet all spoke of the need to be independant from government as a locally chartered corporation without share capital. Similarly, many municipalities felt little connection with the activities of the corporation. Hearing about its work annually, along with the bill for next year's assessment, the notion of funds seemed more of a bookkeeping matter than a source of ownership, control, and obligation to the funders.

The method of transfer of funds to the corporations received some discussion in each of the regions. The model of the district ambulance (financing) service was most often cited as an example of a unique and apparently well received method of assuring at least some measure of control over the corporation. Apparently, each town or municipality has the option of applying to senior government for an ambulance service grant, then in turn hands it over to a local district board composed of several towns and municipalities for the stewardship of the service. In that way, they can use both their own and the senior government's contribution as a service control lever.

Still others raised the possibility of some kind of an industrial tax equalization formula, which distributes a portion of the tax revenue benefits, occurring from newly acquired industry, to all of the region to be used for local community improvements and even as a source of development corporation revenues. This opinion was, however, not widely shared.

Finally, it was the opinion of the Study Team that the apparent willingness of the corporations to depend so totally on tax dollars placed the quasi-corporate independence of the Regional Development Corporations in some doubt, if not jeopardy. The literature reveals that those community and regional development corporations that do enjoy a measure of stability and independence, do so as a result of a capacity to raise their own capital and operating costs through the activities of the enterprise, yet continue to provide a community/regional development service to their memberships and customers.

In acknowledging the need for additional funding we would, therefore, recommend that future funding be tied to a multi-level formula which acknowledges the degree to which individual corporations wish to involve themselves in the development process. This would allow the corporations to choose pro-active or reactive operational style, to function primarily as an information network, or a planning and development initiator, as a quasi-public device, or as an entrepreneurial regional development and service entity. Such a multi-level formula might include:

a. a core administrative budget which includes existing municipal and provincial contributions. Funding at this level would approximate existing or slightly reduced budgets to allow for an information exchange and dissemination kind of activity.

b. a development activities budget tied to the strategic planning process. This level of activity would see the corporation engage each of the member municipalities in both individual and collective strategic planning exercises to produce from the beginning a longer term "regional" development strategy.

c. some program capability as outlined in an approved strategic plan. Having developed a regional plan in accordance with (b), funding for specific pieces (priorities) within the plan could be made available. These pieces might include feasibility studies, resource seminars, regional conferences and training sessions, or actual programs of a minor or non-capital nature.

d. access to a centrally held project funds for major undertakings of opportunities. This final level would provide the mechanisms to acquire centrally held project funds which could be made available as start-up, or stake money, for a development enterprise which compliments the regional plan.

It is acknowledged, of course, that each of these levels of funding will be limited by the funds available through the major shareholder.

Included in the strategic plan should be the pursuit of private funding and/or the expansion of the membership base as a capital generating activity. Options, such as creating a regional "foundation" for the purpose of community betterment, may be one way of generating additional non-tax dollars. The foundation might even offer a tax shelter to local residents and would be managed by the board of the corporation. Expansion of memberships is discussed in the following chapter.

There needs to be a separation between user fees and membership fees, and a user-pay system which will discourage an inordinate amount of the corporations' time and resources being expended by one or two influential members of the projects of non-members.

The user fee principle is already operative in the Parkland region and separates members from customers for purposes of alternate revenue generators. Members of the corporation would automatically receive a basic level of "service/information" for their contribution; community specific development activity would, however, be assessed a small surcharge, as would all activity directed at non-members.

Finally, in order to maximize the impact of development dollars within any one region, ways must be found to "package" disparate development dollars into a resource which can be annexed by a sound regional development strategy. The corporations themselves have to somehow be legitimized as credible "brokers" of development information and dollars if they are to play a major role in initiating and implementing a truly "regional" plan. At minimum, senior government needs to address the issue of co-ordinating development dollars and mini-strategies if it wishes to receive maximum benefit from regional development in Manitoba.

CHAPTER VI

ORGANIZATION AND ACCOUNTABILITY

All organizations have memberships. These organizational roots are variously described as shareholders, members, electors, taxpayers, or even owners. Similarily, all organizations have consumers and these may also be variously described as clients, customers, consumers, patrons or even more specifically as patients.

These key components of organization are frequently overlooked in organization analysis, with more attention being paid to people and relationships contained within the organization. Yet, these two groups hold the answer to two basic questions about organizational well being: to whom is the organization accountable and from where does it draw its sustenance (membership), and who does the organization serve (consumers)?

In the small, closely held corporation, who the members are and who consumes the service or product are relatively easy to identify. As corporate organizations grow, the task of sorting out owner/members and making a determination as to who the consumer is becomes much more complex. In the public sector, these analyses are made much more difficult because consumers and members are most always, and to varying degrees, one and the same.

But, it is in third sector[1] organizations that the analysis of consumers and members, and their essential relationships to the organization, becomes the most difficult and complex.

Third sector organizations, particularly those which use (either formally or informally) a corporate form of organization and whose main intent is of a public or quasi-public nature, are, generally speaking, most in danger of developing a method of operation in which the key relationships of member/consumer/corporation become indistinct and, in some extreme cases, unimportant. Memberships can then become seen as merely a source of funds to be solicited as required, or a "private" network loosely related to financial resources but separate from some patron form of funding. Consumers can often become a matter of impromptu choice for the organization, as a sense of market direction is lost and, in some extreme cases, consumers and "insiders" can become one and the same, as the organization lacking clear market begins to service itself.

Nothing in the foregoing is meant to imply that the Regional Development Corporations are generally or specifically "abnormal" in the development or decline of these key relationships. What is being said, rather, is that these key relationships are crucial to the success of any organization and critical to the survival of third sector corporate structure.

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1. *Third sector*, as used here, describes those organizations which are generally membership or publicly supported, frequently directed by volunteers, and often use a private sector form of organization model such as the corporation.

Any business that does not take inventory must eventually fail. Any inventory that does not take into account the membership of the business and the client group towards which it should direct its efforts may be overlooking the principal cause of failure of which financial difficulties are but a symptom.

In this chapter, what people said about the key relationships of members and markets, and how those thoughts relate to contemporary thinking, will be examined.

One cannot talk about the issues of membership and markets without inevitably dealing with organization form. Ideally, the type of model used to deliver a specific task would be decided once a clear philosophy had been developed. However, inasmuch as the task at hand calls for an examination of the "vehicle" coincidentally with an examination of the "road", some assumptions must, of necessity, be made. A key assumption in this chapter, then, is that the corporate model is the correct one and that that organizational form will serve as the base against which to describe key relationships such as membership/director/staff, and corporation/consumer. This chapter will, therefore, also examine what people say about essential corporate relationships and issues and how these thoughts relate to contemporary corporate thinking.

When we asked people what they felt about membership, a strong case was made for a somewhat "elite" membership criterion involving only elected representatives from member councils. Time and again, the point was made that only elected officials could be held accountable for tax dollars. There seemed to be a strong connection in the minds of many that municipal funds, even those secondarily administered, such as a municipality's contribution to a regional development corporation, needed to be managed by elected representatives. Even as the case for elected representative control was being made, however, other presentations were saying that the accountability line between councils and the corporations was, at best, tenuous. As often as we were told that elected representatives should be the sole voting membership, we were also told that councils only became apprised of the corporation's activities each year when the report, required for support, was tabled. And so, while there may well be some good purpose in having councillors as regional development corporation directors, there exists no firm evidence, even, it would seem, in the member councils themselves, that an exclusive municipal membership is the sole route to accountability. Neither does it appear that a membership composed wholly or mainly of elected representatives is the best way, in the corporate sense, of using membership to create the proper organization roots for the task at hand.

In democratic society, there is a tremendous effort directed at developing and maintaining what might well be called the "grassroots" connection. Successive levels of government, which are competitive in many other ways, deal inexorably with one another in an effort to improve the participation of the people in the affairs of state. These participatory forms of democracy, while highly desirable in their own right, can, and often do, fall prey to the same conceptual limitations that many of the people interviewed expressed about membership. It is almost a principle of grassroots philosophy, or so

it would seem, that participation must follow form, rather than the reverse. Because of this, we often find an adherence to the idea that only elected representatives can adequately represent the grassroots, even though the main task for which these representatives have been elected might be foreign to the task for which their participation is desired.

When we asked councillors, and there were many who made presentations, how "development" ideas might sit with their constituents, they invariably replied that they had been elected to "keep down" taxes or to deal with "municipal issues", not to engage in speculative and less than tangible development ideas. We also found that in areas where municipalities were in fact engaging in development work, such as municipal planning, few councillors, if any, made a connection between that work and the role of the regional development corporation. But more about that later. These conversations led us to the realization that, unless there was a hidden purpose in using only elected representatives to form the membership of the regional development corporations, that practice was limiting. Limiting, not only in terms of a good membership base, but it also had the potential to work against sound grassroots participation by exclusively involving only those whose main elected task was seen as separate from the development task of the corporation and whose presence might exclude those people for whom development was a main interest.

If one makes the assumption that the main purpose of membership in the regional development corporations is to ensure sound grassroots participation, and if one can further assume from the membership stance of the major funder, that funding is a secondary rather than a primary membership consideration, then one is drawn to the conclusion that an exclusive elected representative of council membership is not conducive, and may in fact be detrimental, to the grassroots purpose.

In organizations where a disinterested membership supplies only substantive fuel, energy will be present but unfocussed, with the philosophical direction coming from within, a direction which may or may not result in the continued support of even a disinterested organization base. In organizations where an interested but exclusive membership provides only philosophical fuel, energy will be present and focussed, but it will also be anemic and incapable of little more than aspiration. This too, will eventually cost the subscription of even the most loyal members, as non-accomplishment leads them to seek more productive environments for their interests and ambitions.

In thinking about membership in those terms, and examining the responses of those currently active in the regional development corporations, one is confronted with the distinct possibility that in the regional development corporations there is both an exclusive and largely disinterested (or perhaps confused) membership. On the one hand, the activities of the regional development corporations are not generally well known, even according to many presentors, among the member councils themselves. On the other hand, it is obvious that some of the most enthusiastic supporters of the regional development corporations have a very tenuous relationship (often an ex officio one) with the corporations they serve. In addition to which,

certain volunteer organizations, whose central purpose is development (such as the Chamber of Commerce), appear to have no formal connection except by individual happenstance with their corporations, nor any established way of accomplishing such a connection.

Finally, there does not seem to be any formal way for the major funder to assume any membership role. All of which means that, whether it in fact happens or not, the present membership practices of the corporations have the potential to promote an exclusive self-serving membership which can be extremely vulnerable to key subscription cancellation, while at the same time severely limiting the central purpose of the membership structure, that of a sound and effective grassroots base.

Throughout the study, we were struck by the wide variety of ways the corporations had tried to deal with a membership policy, which even those who support the elected representative's idea seemed to find limiting. Most often, the route chosen was that of establishing an ex officio class of membership. Although no entirely consistent pattern emerged, generally speaking, the ex officio category provided a way of: continuing the membership of those who no longer had a council post, involving members of government and industry who had resources or knowledge essential to the task at hand and, on occasion, keeping some highly enthusiastic and productive members in the fold by making them directors at large with voting privileges.

Many cited the ex officio option as a way of opening up the membership to outsiders. However, those who made the suggestion were not enthusiastic when asked if they would serve if they did not have a vote.

Membership, like citizenship, should not be qualified. At least it should not be if the reason for extending the membership is to increase meaningful participation. There may well be the need to create other forms of membership, but these should, without exception, be aimed at providing avenues through which interested people can chose their level of participation. An active and involved membership requires that the right of active membership be consistent and equitable, with the choice of being less than a full member left with those who wish to make a peripheral contribution of effort, or a material contribution, without inheriting the full measure of membership responsibility. Each class of membership should be consistent in rights and responsibilities throughout the regional development corporations to the degree that the membership dynamic is a product of an organizational philosophy that all corporations hold in common.

The value placed on membership/representative in the regional development corporations varies widely between regions and within regions. Some councils felt so strongly about the representation issue that the mayor was the council's representative. In others, the job seemed to go to the junior councillor. Such a varied view is, of course, largely the product of individual perception and, although those with a high commitment at the council level seemed able to make better connections between the affairs of council and the affairs of the corporation, these connections were almost exclusively described in pragmatic terms. One such individual saw the corporations as a tremendous opportunity for councillors from individual towns and villages to get together and solve common municipal problems. In this respect, it

might be said that a high commitment for the council did not, in any way, imply that some councils were more development oriented than others. In such cases, the potential for a sound development connection was there, but we found few instances where a fully mature development relationship existed.

Then there was the case of the junior or volunteer councillor and a largely disinterested or divided council. Lacking support from his council colleagues, this individual faced a difficult task which inevitably seemed to result in his separating his council duties from his corporation membership.

All in all, we found no clear evidence that the full and sometimes exclusive membership privilege offered to councils resulted in the commitment of the total council to the corporation's activities. Rather, commitment seemed to be very much held within the council's representatives to the corporations, with varying levels of support from some council colleagues, and outright opposition by others.

Most corporations had diligently sought ways and means of involving the Native communities in their regions. All expressed some consternation as to how the Native people might be encouraged to join. While a good deal of this problem is related to the difficulty in helping Native organizations to relate to the larger society generally, some of the reluctance could well be related to the somewhat exclusive image most corporations have with the general public in the regions they serve. In that latter respect, corporations are not so often seen as good or bad, as much as they are seen as an unknown. Few people, particularly those who have past reason to fear or mistrust institutional relationships, are willing to commit themselves to "unknown" or "intangible" purposes. It is our view that before the Native people, or other community groups for that matter, will endorse the corporation's work and feel comfortable enough to participate in such work, a far clearer purpose will have to be articulated.

While we were unable to make a good determination of the role the provincial government wished to play in the affairs of the corporation, we did notice an inconsistency in the way in which member privilege was purchased and practiced. On the one hand, we noted that member councils were the most powerful members and always dominated the boards of directors. We also noticed that often the larger communities, which were also the larger contributors, seemed to be the most influential as well. In this respect, the model seemed to function in the classical corporate sense with financial contribution and control well linked. However, when one considers the major contribution from the provincial government and the lack of voting privileges or directorship participation by the province, the contribution/control model becomes dysfunctional.

It may well be that government never intended to participate actively in the direction and control of the corporations. Certainly that idea is implicit in the way member councils seem to view the role of governments. Nevertheless, one cannot begin to address the idea of corporate accountability until the corporate position of the major funder is legitimized. There are three possible scenarios: The government can become the major shareholder to the corporations, sit on each of the boards and have a controlling interest

in the affairs and decisions of the corporation; The government can withdraw to a second stage funding system by making grants to the corporations in exchange for them meeting certain criteria and/or objectives; The government could, through a number of part time commissioners (more about that later), exercise a control similar to that available in the Crown Corporations through government appointed chairmen.

Each option has its advantages and drawbacks. The first, active and direct participation by the government, would most directly follow the standard corporate practice of shareholder/control and would make for the most direct accountability. However, there is a great deal of nervousness about active participation by the government in the corporations and some (not unjustifiable) concern that such an action would tend to bureaucratize the corporations and in the process suppress grassroots policy and decision making. The second option would allow for the most control at the corporate level, but that control may be largely illusory on two counts: Strict grant criteria may not always meet local need and annual grants would tend to have corporations playing to the annual departmental tune rather than developing strategic plans designed to meet local goals within a common framework. The continuity of a full grant program is also at some risk. The third option, that of securing more direct accountability through the medium of government appointed commissioners, would serve to have the government at least one step removed from corporate direction and control, introduce a direct accountability in the corporate sense of that word, and still allow corporations to operate as autonomous units with individual strategies carried out within the framework of an overall development philosophy.

The resistence with which the idea of a government member on the board of directors was met was not restricted to government alone. Almost all of those interviewed who currently serve as directors, and many of those who had served in the past, show some resistance to the idea of any change in director or membership patterns. The reasons given have been mentioned already and have to do with what might, without prejudice, be called the elected representative syndrome. It should be recognized, however, that any suggestions for change that deal with such a sensitive area as membership is unlikely to be met with enthusiasm. People in organizations, particularly those who have had a long experience and/or an architectural role, will tend to resist change. Of particular concern will be those changes that impact upon the organization's culture. Therefore, changes to membership carried out in isolation from any understandable and participatory strategic change program can have a devastating effect on the corporate body. However, if current insiders participate meaningfully in the development of an overall development philosophy and subsequently engage in a strategic planning exercise, that action will, without further external direction, point out to all what form of organization would best serve the philosophy and what membership would be most appropriate to that form.

If there is a consistency of thought as to membership, there is also a like amount of inconsistency of thought about the way boards are formed. Some corporations have boards of directors on which the whole membership serves. These corporations operate executive committees and, one would suppose, see all of the members of the member community councils as the

general membership. Nevertheless, such boards can, with ex officio memberships, expect as many as 50 persons at "board" meetings and the result is something more in the nature of a joint council of representatives rather than a corporate board. One needs to understand, of course, that given the current nature of the activities of some corporations, they would be hard pressed to find meaningful participatory opportunity for their membership, if boards of directors are elected from them, to deal with issues that would appear more appropriate for a joint council of representatives to address. Some boards do have an election process, while still others have zone representation. Each seems to work fairly well and would appear to be a product of evolution in each corporation. Nevertheless, such practices, with the possible exception of the election process, defy corporate dynamics and are symptomatic of a practice that is either inappropriate to the task, as it was originally conceived, or a model that is inappropriate to the realities of that original task. Our current judgement is that it is more the former than the latter; that inconsistencies in the way boards are formed are related more to a desire to improve upon the way in which a joint council may deal with a collectivity of issues and, at the same time, keep the membership active and involved than they (the inconsistencies) are related to the concept of a board of directors, charged by their membership, with the delivering of a development strategy and program for the region.

If, as it is assumed at this point, the corporate model is the appropriate form for regional development, then there must be some consistent and universal procedure developed that is related to the dynamics of the model. If the model is correct, then any departure from essential corporate dynamics, once the philosophy is in place, will not be a sign of individual innovation, but a signal that the task is shifting away from those activities that will have been made obvious by the philosophy. Simply stated, the philosophy will create both expectations and responsibilities, but beyond that it will give form to the organization and roles to the various organization levels.

Although we have already addressed the question of accountability somewhat obliquely, we also approached the question directly in the interviews. The answers were fairly consistent and most revealing. In the first instance, the only sense of accountability that was universally expressed was that which was thought to exist between the corporations and their member councils. Even though everyone questioned thought that that accountability was present and desirable in theory, they were less than satisfied that it was there in practice. In short, while most said that accountability should exist between the council and the corporation, almost all said it didn't. Frequent comments about only reporting back when it was time for more money, and seldom "doing what they said they were going to do", revealed, not only an exasperation with respect to accountability, but a measure of frustration that it was difficult to really hold the corporations' accountable. One municipal official summarized this feeling by saying that council either had to accept what it was being told or withdraw their membership, when in fact neither course of action was desirable.

Such a situation is, of course, an inevitable consequence of minor funders acting as directors, while the major source of funds is granted through a somewhat distant third party. In fact, if, as has been related, the member

councils have no control over, or any sound way to demand, accountability and the government, for reasons of its own, choses not to demand accountability, except in the form of generously administered operating grant criteria, then accountability can only rest with one of three groups; the board of directors, the executive committee of the board of directors, or, by default from the first two mentioned, with the managers themselves. In all three instances the most important fact is that in such cases, a far from rare occassion in other corporations, control and accountability has passed from the shareholder, or member, into the corporations themselves.

When we pressed this issue, asking people to describe the communication links and accountability lines that existed between the corporation and council, we received inconclusive answers. Some said the council representative was the link, but he was never questioned (except at the meeting dealing with the annual request) and seldom reported. Still others said that the representative reported, but never got, the attention he deserved in the press of other municipal business. Still others said that they thought the managers should report to councils on a regular basis. But when we asked them about the role of the council representative in such a reporting system, they couldn't articulate one.

One must hasten to add that there wasn't, as might as construed from the foregoing, an overall dissatisfaction with the accountabilities (or rather lack of them) within the system. The questions about accountability were ours, not theirs, and were designed to see if the normal corporate accountabilities were present and functional, or if there had been a subtle shift in control or accountability, as frequently occurs in corporations when normal corporate accountabilities are not present and/or functional.

Our conclusion was that normal corporate accountabilities were neither present nor functional; that member communities had some sense of authority and control but no perceived way of exercising either; that government, which had a great deal of authority and control, was neither corporately positioned nor philosophically inclined to exercise normal corporate accountability and control; and that, in the absence of normal corporate forms of accountability and control, the propensity for the corporations to become accountable unto themselves was evident, as was the increased potential for a disaffected membership and, in the extreme, a concerned government.

Even so, the idea of direct corporate control and participation on the boards by government met with mixed sentiments. Some insiders felt this would result in a "bureaucratization" of the corporations; others felt that there would be "undue" government influence. Even those municipal councillors who complained about a lack of accountability by the corporations did not see government participation on the boards as a particularly attractive solution. In fact, there was almost a unanimous perception that governments should provide funds to the corporations, but not occupy any active corporate space within them. Municipal councillors seemed to feel that the administration of all of the corporate finances was their responsibility, almost as if the grant monies had flowed through their budgets and thence to the corporation. Thus, they sought accountability for their funds

and the province's as well, seeing little difference between those tax dollars and, at the same time, failing to grant the same level of active control to the province. In this way a continuing theme reemerges: the municipal councils see themselves as custodians and controllers of the corporations and they see government as a patron rather than as a participating partner. The reality of that situation might well be that the corporations see both levels of government as patrons.

We next raised the question of local accountability. To what extent did the corporations, and those who had served in the corporations, see themselves as being accountable to the general public in the communities of the region. Should the corporate activities, for example, be well known in the regions, and in the interests of developing a sound corporate image should corporations take stand on local issues, and how were they to deal with "local politics"? The reaction to these concepts was also inconsistent. Some felt strongly that the corporations should not become involved in local issues of a controversial nature. Others felt that, to be perceived as an action oriented development agency, the corporations' needed to take a public position on such issues. Some to whom we spoke tried to articulate a policy based on the difference between regional issues and local issues, but couldn't describe how such a policy might work when the regional issues took on local characteristics, such as the location of an industry or the promotion of one town over another as an industrial site.

We made it a point to seek out local citizens and question them on the corporations. We tried to determine how much was known about the corporations' activities and if any of those questioned felt that corporations needed to be more accountable to the general public. Our survey, though informal and unscientific, made clear three pertinent ideas: Most people did not know what the corporations did; only a few could relate the corporations to their communities; and people generally felt that development was in the hands of outsiders, with local or regional institutions relatively helpless and insignificant in such situations.

We had to conclude that the corporations, with one or two exceptions, do not involve themselves in "local issues". That corporations, as a result, have generally a low, almost academic or bureaucratic image and that they are seldom seen as being accountable to the local people, even perhaps to a lesser degree than that accountability which is expected from governments generally.

We next looked at the way in which the affairs of the corporations were conducted, asking respondents to tell us whom they saw as being the most critical to an effective regional development corporation. By far the majority of those interviewed said the manager, a few said the chairman, even one incumbent chairman alluded to a former manager as the real architect of his corporation. People, in two of the regions who had recently had new managers appointed, dealt with the current perceived problems of their corporations by saying they expected the new managers "to fix things up" or "to get things moving again".

Intrigued, we sifted the available evidence to see if there really was a correlation between the way each corporation undertook its tasks and the

leadership style and interests of each corporation's manager. At first, the results were inconclusive. Three of the managers were too new to have made a measurable impact on their corporation; one corporation appeared to be led by the chairman, with the manager acting well within his "normal" corporate jurisdiction; two others definitely showed signs of managerial direction. We dug deeper, probing the history of three corporations, one of which is now defunct, one where the former manager was well known to the authors, and one where the respondents had made several references to the first managers. The conclusion we came to was one that is not unusual in organizations with volunteer boards. The manager, in almost all cases, had a dominant role, if not the dominant role, in building the culture and charting the course of the corporations.

It should be pointed out that we make no value judgement here. Certainly a definite leadership role is an expectation of the manager in some corporations. However, referring once again to the corporate model as a form of organization, the manager in a dominant leadership role can put some severe stress on the organizational dynamics.

To understand these dangers, it is necessary firstly to reflect momentarily on the real duties of a director. Here is what one leading management theorist has to say about that: "The board is responsible for making sure that a company has adequate policies for its key outside relationships — with governments, with labor unions, with the public in general — and that it has adequate policies with respect to its legal and regulatory responsibilities. And then a board has to demand that there are adequate performance standards in these areas against which a company's actual results can be judged" and "a board, to live up to its responsibility to make sure the business is being managed, must demand of top management that it think through and set goals for the productivity of resources. This is after all, the first duty of any management; to make resources productive is what management is being paid for."[2]

This management theorist, Peter Drucker, is of course speaking about commercial corporations and the key relationships that reflect this fact. Nevertheless, the principles of organization he is referring to hold true. A board cannot adequately discharge its responsibilities for key relationships and legal and regulatory obligations if those critical elements are determined by management. Nor can a board demand that a manager set goals about the productivity of resources if it is the manager who, in the first place, determines the activities against which those resources are to be applied.

We must hasten to add that volunteer third sector boards very frequently fall prey to a strong managerial leadership. We believe there are several reasons for this, but three of them are dominant; First, such boards are often composed of people who know considerably less about the mission of the organization than the manager; Second, there is seldom a definitive

2 Peter F. Drucker in *The Changing World of the Executive*, 1982 Published in Canada by Fitzhenry & Whiteside Ltd., Toronto

organizational philosophy against which board members can judge both the operational plans of a manager and his day to day activities; And third, almost always the manager has stronger connections with the major funders than do the volunteer board and it is, therefore, often assumed that what he is proposing is in keeping with the expectations of these major funders.

So what's to be done? Surely it is important to see that boards which are severely handicapped in their ability to fulfill even their basic responsibilities are able to overcome this situation. It could be argued, one might expect, that regional development corporation boards and volunteer boards generally really serve merely as advisors to the manager and that that is a fact of volunteer life well left alone. Such a proposition, however, ignores the fact that regional development corporations are legal entities, that directors have received legal responsibilities as a result, and that there is no evidence that the membership of these corporations have indemnified the directors from those responsibilities. Over and above which, of course, is the fact that the membership has a right to expect prudent and responsible concern for their interests by their boards of directors.

All of which is not to say that volunteer boards do not behave prudently and responsibly in the things they do now. Nor do we wish to imply that managers are assuming dictatorial powers in the corporations. Rather, we wish to put to rest a persistent myth that would seem to be endemic to third sector boards, that such boards are really advisory and have no real place in interfering with a determination of direction or a questioning of day to day affairs. This idea is frequently backed up with the statement that volunteer boards do not have time to produce strategies, a statement that has already been expressed by one corporation director in an initial reaction to the interim findings of this report.

That director will be pleased, we are certain to find out, that Peter Drucker agrees with him when he writes, "the board of directors cannot work out a company's strategy. This requires both full time work and inside knowledge of a business, its markets, its products, its technologies. But it is the duty of a board to make sure that a company, and especially a large publicly owned one, has adequate strategies and that these strategies are tested against actual results."[3]

Of course, what Drucker doesn't go on to say is what these strategies are meant to accomplish. Because he is speaking of a commercial corporation where the direction is centered around a return to the shareholders, an organizational philosophy is, by implication, already present. That is hardly ever the case in third sector boards, and herein lies the real task of the board and the real distinction which separates it definitely from the manager. Third sector boards must ensure that an organizational philosophy, which includes purpose as well as a core set of values and beliefs and against which all strategies and day to day activities can be judged, is developed and in place. In this way, the affairs of the regional development

3 Peter F. Drucker in *The Changing World of the Executive*, 1982 Published in Canada by Fitzhenry & Whiteside Ltd., Toronto

corporations will be in tune with membership expectations determined by the board of directors on behalf of those members and strategized and accomplished by the corporation's management.

Largely, we think, because of the expectations and limitations third sector boards place on themselves, those insiders we spoke with frequently saw a strengthening of management as the key to a more productive environment. We think, too, that the lack of discomfort felt by directors about the way in which leadership, responsibility and authority were divided between them and the manager, was likewise related to the accepted characteristics of the volunteer board. While the requests for a stronger and reinforced management were often valid in their own right, we also coincidently detected a feeling of frustration and uncertainty about the role of the boards. This feeling, though not universally expressed, was prevalent enough for us to conclude that, while directors might not be able to articulate a better role for the board and while, like their counterparts in industry and the crown owned corporations, they were unable to see the connection between their responsibilities and those assumed by the manager, they did, to a large degree, feel unfulfilled. At the same time, we were receiving substantial evidence of a membership which felt their affairs, for whatever reason, were not being looked after by the corporations. This latter point, which is of course the principal concern of directors, would not yield to a strengthening of the manager's hand. In fact, to strengthen management's hand at a point when there seemed to be a fair amount of member dissatisfaction might well result in managers being seen by members to now be doing more of the wrong things.

Thus, we come to the conclusion that allowing a manager to develop the direction for third sector boards was not, tradition or myth notwithstanding, in the best long term interest of the corporations, and it therefore followed that, while further managerial capability might well be a valid consequence of a well thought out strategy, of more primary importance was the strengthening of the board so that that strategy would be appropriately directed.

The relationships that exist or do not exist both inside and outside of any organization can be a key determinant to present organization health and a prediction of events in an organization's future. Internal relationships provide a measure of the organization's ability to satisfy its principle backers. How clearly, for example, do people with a direct interest see what the organization is doing and to what degree do they agree with what is being done? To what extent has the organization been successful in networking, in forging strong and interdependent links with other groups and organizations of a similar pursuit so that co-operative, rather than competitive, dynamics are at play? And finally, to what degree has the organization been successful in developing a "fair marketshare"?

There are two distinct phases to this latter set of relationships. The first, that of achieving a legitimate place in the market, and the second is that of identifying who the customer/client is and attracting that group to the services of the corporations.

As the study progressed, we dealt with these relationship issues in the order they are outlined in the foregoing paragraph. We asked respondents first to tell us what group or groups made up the corporations' membership. Many felt that the only membership the corporations had were the participating councils. They did not see the general public as being directly concerned in the public sector sense, nor did they see (with one exception) industry or even governments as being part of the membership, or, at the very least, as having the same privileges of membership as the councils. We next asked about the department of government which supplied the majority funding. Were they a member/shareholder or not? Again, it was felt that the government was more of a patron than an active member or shareholder. The picture that seemed to emerge was that of a tightly held corporation, responsible and accountable only to its member councils, and then only through its member representatives. We then asked who the director representatives worked for, the corporation or the councils they represent? Many felt that, in theory, they did represent their council, but in practice they served the corporation. One person summarized this idea this way, "Well, you are supposed to represent your council, but when you get there it's pretty hard to do that, so you wind up working for the corporation". And so the picture of the relationship began to change. Member councils were the principal, if not the only, perceived membership, but even there there was some doubt that directors saw their principal role as that of representing the membership. This is all too often a conundrum for all directors. How does a director work for the good of the corporation when such actions may, from time to time, be opposed to the interests of the specific membership group he represents? Of course the frequency with which such choices occur is more a question of whether the membership is correct and whether the organizational philosophy supports the wishes of the membership than it is a question of director integrity.

This idea raises the question of whether a "regional development corporation" that is to be responsible solely to councils, which in turn may want something entirely different than "regional development", has the correct membership. Surely the competition for "smokestacks", even if that is a passé endeavour, has proved several times in the past, and once fatally, that a corporation that is frequently at odds with its members will eventually lose their support and perish.

It can be debated, one might add, that a membership that is essentially dissatisfied with a corporation's activities simply doesn't understand "regional development" and that, therefore, it is not so much that the membership is wrong but that it is uneducated.

Be that as it may, the problem is the same. A disaffected membership can only lead to two inevitabilities: the demise of the corporation; or a complete change of membership toward one that is more suited to the corporation's purpose.

We next focussed on a determination of who the directors were and we again encountered some dichotomy in both concept and practice. In some corporations, all member representatives seemed to be directors so that there appeared to be little difference between a director and a member.

This is a significant anomaly when one considers the propensity for the corporations to become self serving. If, for example, only the interested councillors serve as corporations' members and if the rest of the council on which they serve varies from apathetic to antipathetic in their attitudes toward the corporation, and if these same councillors also serve as directors, then the relationship between members and directors becomes tenuous indeed.

The last internal relationship we dealt with was that which existed between the manager and his directors. Here we found that most, if not all, parties to the relationship were satisfied. Although each had some reservations about the other's ability to meet the responsibilities of board and manager, such feelings were never personalized but, rather, fixed to a material cause (such as lack of help, in the case of the manager, and a lack of time, in the case of directors).

However, as has been already related, there is some evidence that the manager, whether by design (organizational, not his) or by necessity, has assumed a leadership role that rightly belongs to the board. In that respect, the corporations need to examine the relationships that are implicit in the design of the corporate model. They need to determine the effect of having the manager assume those things which belong to the board, just as they need to examine what constitutes the board's business. In every organization model there is good reason for the way roles and relationships are structured. There is also, of course, a consequence to any continued deviation from that design.

Internal relationships within organizations are delicate and complex mechanisms. They cannot totally be prescribed by organization design. How a manager and his board work together is as often as much the product of the strengths and interests of the people involved as it is a product of design. There is, therefore, always some degree of difference in the way the interface between people operates, even in organizations using the same organization model and espousing a fairly rigid code of organizational behaviour. This difference is desirable, and often commendable, provided it does not go beyond a reasonable and sound flexibility between clearly defined roles and responsibilities.

Internal relationships within the corporations were ofttimes difficult to determine with any great consistency. It was even more difficult to assess these relationships against a "normal" corporate model.

Of course, the nature of the task is itself inconsistent and it is entirely possible that, given the range of activities and approaches to the development task that exists in the corporations, the nature of the relationships, while not particularly adaptable to a classic corporate model, have over time evolved to become complementary to the organization culture of the corporation involved.

The second principal area of relationships is that which has taken on the contemporary term of "networking". In each organizational environment, there exist other organizations which can, if properly accessed, provide a supportive and cooperative network for the corporation's work. One would

expect, within the local system, that some such connections were obvious. Chambers of Commerce, businessmen's associations, community development corporations and professional associations are, to name but a small part of the local network. Agencies of government with "development" programs would also fall into that same "network", as they establish a local presence or initiate local projects. An ideal networking system might see the corporation as a co-ordinating development body using a series of interlocking directorships to add substance to any co-operative mechanisms. We found that some corporations did, indeed, have such interlocking directorships, but that they were linked by personality rather than strategic endeavour. We found, too, that each community and each region had a myriad of what might be called "development" activities. We also found that few, if any, of these agencies, including in some cases the corporations' directors who had responsibilities in other development areas, had forged true network relationships between themselves and other organizations working in the same field.

We did find, however, that in some cases a corporation had been able to act as a "broker" for some of the government programs aimed at local, private and public enterprise. This met with a varied response. Some applauded the action, seeing the corporation in the role of agent/ombudsman; others railed at the idea of having to deal with the senior levels of government through a regional middleman. This diverse opinion has more to say about a "legitimate role" for the corporations than it does about the value of the service performed.

Having a place in the "development" cadre of municipal, local and provincial agencies and organizations leads directly to the question of service or product and, eventually, to client or customer. Some we spoke to felt that the regional development corporations should serve the member councils and not "waste time on organizations" who weren't members. Others said that the corporations should promote the region and try to attract industry to it. Still others said that corporations should direct their efforts at helping local businesses expand or seize development opportunities. Some felt that the corporations had an advocate, or lobby role, to play in all manner of regional issues, be they economic or social in origin. Some felt the corporation served too large a client group; others felt the group served and the range of issues addressed was far too narrow. That being the case, we were unable to establish a consistent market position for the corporations. By the same token, we could not say with any certainty that individual corporations had not made decisions about market share. Although what each described as their client group tended to vary, the level of debate was such that no one group seemed at all certain what it could receive from a corporation, or even if what they were seeking fell within the range of corporate services. We would hasten to add our opinion that, as a general rule, people seeking help from the corporations were more often offered assistance than refused. The nature of the service complaint was, rather, one which came from those who felt that the corporation should pursue a narrower path of service on behalf of the council membership. Still, market identity is a serious consideration for any organization. Trying for too large a market share can divert from the opportunity to do some things with excellence. Being too narrow

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APPENDIX B

REGIONAL DEVELOPMENT AND REGIONAL ORGANIZATIONS:

A THEORETICAL AND HISTORICAL PERSPECTIVE

Since the time of Sir John A. MacDonald Canada has recognized, implicitly or explicitly, the need for regional development. MacDonald's "national policy" to settle the empty prairies with farmers and through the railway and tariff make them an enlarged market for the growth of industry in central Canada was clearly based on regionalism. It is true, however, that the consequences of this policy have necessitated a new approach to regional development in Canada today.

However, it is suggested that a well co-ordinated regional policy at the federal level did not emerge until the Conservative administration of John Diefenbaker. Political observers have suggested that the affinity for rural and regional development held by Diefenbaker's administration could be attributable to the source of political support — grass roots populism. As Rotstein (1976) notes, the characteristics of populism

> "were often enough, vague, without a strong ideological base and essentially anti-establishment in its orientation, it remained tied by a powerful navel cord to the land either in fact or in persistant imagination. The essential political framework was space ..."

This politics of space led to a greater recognition of the problems of regions.

One of the most important steps in the formulation of regional development policy by the Diefenbaker administration was the establishment of the senate special commission on land use in Canada. The commission was appointed to "consider and report on land use in Canada and what should be done to ensure that our land resources are most effectively utilized for the benefit of the Canadian economy and the Canadian people, and in particular to increase both agricultural production and the income of those engaged in it" (Gillies and Nickel, 1977:8). In 1960 The Agriculture Rehabilitation and Redevelopment Act based closely on the report of the commission was introduced in parliament. The ARDA legislation authorized the federal minister responsible to enter into agreement with the provinces with respect to: alternative land use, development of income and employment opportunities in rural agricultural areas, and soil and water conservation. This interest in regional development was highlighted by The Resources for Tomorrow Conference (RFT). The RFT conference made three important observations. The first had to do with the interdependence of resource use and the perceived need to achieve integration at the administrative level within both the federal and provincial governments. The second was the emphasis on the regional approach to economic development, and the third concerned participatory planning processes and the structures required to provide for them (Gertler, 1970).

The Liberals under Lester B. Pearson reinforced the momentum behind regionalism with their slogan "co-operative federalism". As Jean-Luc Pepin (1966:70) wrote

can result in wasting too much time and resources in the service of too few goals and can lead to membership fracture as councils begin to compete over services and, more importantly, results. We recognize, too, that client group identification, or market share, follows function and that as the functions of each corporation varies so to does the client group. That, we think, is the root of this particular relationship puzzle. The regional development corporations do what each has come to believe to be their function and, as a result, are at risk to the degree that what they choose to do is at variance with what those who fund them think they should be doing.

The discussion of function and the difference of opinion over whether corporations should serve only participating members led our discussion back, once again, to the question of accountability. Although not all municipal members insisted on a full share of the corporations' activities, each region showed evidence of cancelled subscriptions. We wondered whether there was a relationship between the corporations' propensity to do other than what their municipal members seemed to want them to do and the fact that the senior levels of government provided a major portion of the resources. Was it possible, for example, that the corporations felt they had a responsibility to those senior levels of government that required them to view development in a broader context? And so we framed the accountability question a little differently and asked whether the corporations felt any accountability to the senior levels of government.

Most of those questioned in that regard felt that the resources provided by government were "to permit communities to do things they couldn't do for themselves". Not once did we hear that the broader role of the corporations was a product of some government mandate tied to government funding. And so, we realized, that even in the context of some perceived broader government expectation, there was in fact no direct operational accountability felt towards government. Nor was there, it would seem, any external motivation for the pursuit of broader objectives beyond that which individual corporations felt to be "regional development".

As a final probe into the relationship issue, we attempted to explore the degree to which the corporations were seen to have a legitimate role in "municipal affairs", to have a legitimate involvement with the development activities of other departments and the way in which corporations were used by communities in furthering their industrial development plans. In forming the questions for this area of investigation, we used two specific sets of organization relationship circumstances. The first concerned itself with Municipal Planning Districts and the second concerned itself with the actual negotiations for industrial development. The results were somewhat startling.

Many of the municipal councillors questioned, even those who served on the board, saw no connection between municipal planning activities and the activities of the regional development corporations. This was not the first time we had encountered this "two hat" approach to development, but it was by far the most graphic. We were concerned that if municipal councillors who served on the corporate board could see no connection between municipal planning and regional development, it was extremely doubtful that other development agencies, once or twice removed from the corpo-

ration's board, would see the value of co-operative and interdependent activities.

Our next move was to reverse the question, asking municipal councillors to describe how a community and a corporation interact when dealing with the core of the regional development corporations' traditional role, industrial development. Again the answer was startling. Some said, outright, that once a prospective industry had made contact with a community, the regional development corporations would be "the last people we would tell". Asked then to describe the corporations' role in industrial development, we were told that they were to do general promotion or, in a sense, "to get the prospects circling the area", at which point the communities themselves would take over. Other respondents gave us variations on the same theme, although they had adopted gentler techniques to ease the development corporation out of the industrial location process at a specific point. We could but regretfully conclude that, with some exceptions of a regional character where the corporation had been able to retain ownership of the opportunity, or where the corporation was accepted and functioning as an industrial commission of a particular location, the corporations did not have a legitimate place in the "real development issues" of even their most well connected member councils.

Recommendations:

One would think that organization form, membership and accountability were constants that would be unchanged regardless of purpose or member expectations. Indeed, most people who are at all familiar with organization take certain principles concerning these elements to be always present and usually active. But, in this study we have seen time and again that not only does form follow function, but that function itself is a child of the individual definition of vague objectives coupled with an inconclusive set of member expectations.

Why organizations function as they do, and how they form to carry out function, is never an accident. It begins with an interpretation of what the expectations are seen to be (usually from some stated set of objectives) and it is, like all behaviour, modified as experience tests results against the reactions of those to whom the organization feels accountable.

Clear, measurable goals and distinct and dynamic accountabilities thus become the prerequisites of appropriate function and development. Conversely, unclear goals, or those which can be interpreted in a variety of ways, together with indistinct, or even inactive lines of accountability, provide the ideal environment for organizations to develop functions and form that are appropriate to their view of both purpose and member expectation. In such circumstances, separate corporations which share unclear goals and indistinct accountability lines can develop individual organizational function and form that are markedly dissimilar from each other. Whether such functions and forms are good or bad can only be decided by measuring the level of satisfaction or dissatisfaction that exists among those whose contributions are necessary for the continued existence of the organization.

Everyone likes "regional development". It is a motherhood term. Everyone knows what "regional development" is (or at least most people can articulate a reasonably good description thereof). Few people know exactly how "regional development" occurs; even fewer know how the corporations "do" regional development. Still, all corporations have developed both function and form. Directors hold strong views about the validity of the functions they perform. Yet the organizational roots of the corporation are generally felt to be, if not dissatisfied with those functions, at least uneasy about them. One corporation has failed, in some others there is some critical dissatisfaction among key memberships. All have lost the support of some councils. There is some expression of interest in other forms of organization to do regional development. Finally, the prime enabler, the Province, is asking some questions about organization membership and accountability.

We have already dealt with the question of purpose and the necessity to develop a core set of beliefs for regional development. Let us go a step further. Let us say that we believe the original concepts that led to the use of a corporate model with a grassroot's membership are still valid. Let us say that the principal reason for the regional corporate model is to allow for as wide and as relevant a grassroots membership base as can be attracted. Let us say, too, that the senior levels of government wish to be enablers of the development process, rather than active controllers of it. We can then deal with the key questions of membership, organization and accountability. We see these key questions about membership organization and accountability as:

a) What is the purpose of the membership base? Is it to secure resources, to make the corporations relevant to the regions and people they serve, or to do both? If both, what is the order of importance for each?

b) What is the purpose of the corporate model? Is it to allow for a relatively autonomous self-directing regional development process to occur within an overall philosophical framework free from the constraints that might be imposed if the process were an integral part of the bureaucracy?

c) To whom and for what are the corporations accountable? To councils for helping them locate industry? To the councils in all that they (the corporations) do? To the member representatives of council only? To the Province for what the Province sees as appropriate regional development functions? To themselves first and, second, to the funding bodies as patrons only?

We believe that the real purpose of membership is to attract regional people who are interested in, and capable of, contributing the key elements of knowledge, capability, time, effort and materials to the development of their region. We believe confining the voting membership to the councils of towns, villages and local government districts to be restrictive and, in some cases, counter-productive to that purpose. Members of all third sector corporations should provide philosophical, as well as material, fuel to the enterprise and they should be sought out and encouraged to participate as full members without the necessity of having other qualifications, particularly those which were obtained for another purpose.

We also believe that the municipal connection needs to be maintained and encouraged, but it should not be expected that all councillors, or all councils, should be development orientated. Nor should a corporation be restricted to the municipalities in developing a membership base lest problems of maintaining membership divert the corporations from their primary purpose. We believe that all municipalities, like the senior levels of government, should continue to serve as patrons and have the right to active membership, as an option, rather than a responsibility.

We believe that there should be other forms of membership, including that of patron, so that municipalities, governments, organizations and individuals can participate in various ways suitable to their needs and wishes.

We would therefore recommend that:

> In order to encourage and expand grass roots participation in the development process, to capitalize on the interests and energies of individual and groups which are not elected councillors, and to provide additional capital funds to the corporation, it is recommended that voting membership in the corporation be open and that all (members) be eligible for elections to the governing board(s). Alternately, member councils should be encouraged to use their membership prerogative to actively seek out and appoint, on their behalf, individuals who would be the most competent to represent the council as general members and, because of interest, knowledge and willingness to serve, would be suitable candidates for election to the board of directors.

Notwithstanding the foregoing recommendations, contributions made by governments, organizations, or individuals should not commit such contributors to active membership nor demand active participation from them. There needs to be provision for other forms of membership which will allow for various levels of participation and responsibility at the discretion of the donor or patron.

We believe there needs to be a strict adherence to the organization design principles resident in the corporate model. Corporations work in the service of their member shareholders. Because member shareholders cannot develop the policies and provide the ongoing leadership and direction that will work in their interest, and in accordance with a commonly held philosophy and set of beliefs, they appoint directors from among their ranks to do these things on their behalf. Membership, or shareholding in a corporation, is not a guarantee of directorship, but it should definitely allow a member the right to vote and the right to be elected. Further, if boards are to act on the interests of members, there must be both a clear separation of their role from that of the member and a defined process by which each can act in their respective roles. Boards must also be of a size that is conducive to their directorship task, even though they may choose, at times, to extend their membership through a committee structure. We would therefore recommend that:

> Boards should be elected by and from the general membership, and should be of a size that is manageable, efficient and a reflection of the membership of the region. Affiliation, or membership in any group or organization, should not automatically guarantee a seat on the board of directors.

We believe that the present practice of restricting membership to municipal councils has given the corporations an exclusive image in other sectors of the region, even though the corporations extend that privilege to all communities within the region. We believe, too, that the corporations, because of the intangible nature of their work and the relatively low public profile, are not well understood by their general public. We think that these two factors combine to make it difficult to attract Native people to the corporations. Nevertheless, we feel that no regional development corporation will be able to develop a regional strategy without the involvement of all of the people in the region. We have some difficulty in wording a recommendation with respect to the involvement of the Native people because we know that the corporations concerned have been deliberate and sincere in their attempts to do so. Perhaps the answer lies in recommending that all regional plans must take the Native communities into the planning process as a prerequisite to an acceptable strategy. We would therefore recommend that:

> In the regions which have a significant Native population, care must be taken in the development of the regional plan to provide for the consultation, participation and inclusion of, the Native communities.

We believe that attention needs to be paid to the development of an "ideal" corporate model. This means more than simply having the legal corporate designation and using titles to describe various roles. It means, in addition, a deliberate process of identifying the key corporate elements necessary to a corporate strategy, of which structure is but one. Robert Blake and Jane Mouton say these key corporate elements are: Financial Objectives, Nature of the Business, Nature of Market, Structure, Policy, and Development Requirements. All of these things, they say, interact inside an excellent corporation to produce an ideal corporate strategy.[4]

Identifying and understanding what each of these key elements is for each regional development corporation will not only point out the areas to which corporate effort must be directed, but will include who must do what within the corporate structure and what consumers and shareholders/members can expect as a result. We would therefore recommend that:

> Just as there needs to be an articulation of the "new" philosophy, so too does there need to be a rationalization for the use of a corporate model as the most effective vehicle for regional development. Assuming the corporate model is chosen, the rationalization must necessarily articulate the rights and responsibilities of all shareholders, of directors, officers and staff of the corporation and the relationship between them and to other external development agencies and/or consumers of their service.

We believe that even though some insiders think otherwise, in the minds of the other "development" agencies, and even in the minds of some member councils, the corporations do not have a legitimate role in the development market. Each has, over time, carved a niche for itself, but, with one possible

4 Robert R. Blake and Jane S. Mouton in *Corporate Excellence Through Grid Organization Development*, Scientific Methods, Inc., Austin, Texas

exception, the niche is more a support or ancillary agent to the development process than a pro-active lead agency. We further believe that, for the corporations to fulfill what appears to be a heavy, though not unreasonable, set of expectations, there needs to be an acceptance of the corporations' role by the other development agencies and an aggressive move by the corporations to obtain and maintain an appropriate market share. We would therefore recommend that:

> In addition to these corporate relationships, there needs to be a deliberate move to place the corporations into the proper relationship with other groups and agencies which currently operate in the overall development market. This "market share" definition is an integral part of the strategic planning process referred to earlier, but it is considered important enough to warrant special mention because of the state of the regional development market and of the need to legitimize the role of the development corporation in the market.

We believe that, generally speaking, the corporations have not been entirely successful in developing a support network among other agencies and institutions whose co-operation we would see as necessary to the overall regional development look. We believe, too, that a disaffected membership constitutes a serious erosion of the grassroots principle to which the major funder seems to be committed. We believe that it will now be necessary for the corporation to seek the co-operative respect of these agencies and that the development of a new philosophy, which incorporates member aspirations, will help to bring potential members into the fold. We believe, too, that extending the membership privilege will do much to assist in forging ties to other agencies. We therefore recommend that:

> There must be a deliberate attempt on the part of the corporations to deal constructively and co-operatively with both the disaffected membership and those other agencies and institutions which have a continuing and legitimate role to play in the overall development process.

We believe that a sound regional development corporation process will depend ultimately on the ability of its board of directors to meet the expectations of its members, its major funders, and the general public. We believe that it is essential that directors provide direction, set policy and ensure that the overall philosophy is the measure against which all functions are tabulated and all results judged. We believe that the board not only needs development, but also needs increased capacity because of its volunteer nature. We believe that this additional capacity might best be provided through a system of part-time paid commissioners. We would therefore recommend that:

> Given the choice of strengthening the staff capacity or strengthening the board and its active involvement in the development process, we would recommend that first priority be given to strengthening and enriching the board's involvement by:
>
> orientation and development of third sector boards;
>
> on-going seminars related to development issues, planning techniques, etc;
>
> instituting a system of part time commissioner/directors with responsibilities for a specific development sector with the region, e.g. Fisheries Commissioner.

We find it difficult to support, at this time, the idea of additional management staff. Staff should be, like other material resources, an outcome of strategic plan. We are uncomfortable with the idea of increasing the managers' capacity at a time when the potential for further disaffection exists. We would not want present management to feel that this is a criticism of them or of their efforts to date. We believe managers can see the wisdom of a strong and capable board and that a sound strategy, once approved, will provide them with the staff resources they need to get properly and satisfactorily involved in the development process. We would therefore recommend that:

> Any increase in staff capacity be tied to and dependent upon the provision of the individual corporate strategic plans.

CHAPTER VII

FUTURE CONSIDERATIONS

The time that passed between man's discovery of the wheel and when he invented locomotive power to turn it spans many centuries. The time between man's discovery of powered flight and his ability to put a man on the moon is just slightly longer than fifty years. These two measures of man's progress are but one example of the difference in the pace of changes faced by past generations and contemporary society.

Even phrases in common organizational usage take on new meaning as the technological process accelerates. "Useful life", for example, meant at one time how long a piece of equipment might be expected to function properly before it was worn out. "Useful life", in industry today, usually means how long a piece of equipment might last before it is made obsolete by technological change. And so rapid has this change become, that organizations must think through "pay back" schedules very carefully before they proceed with technological acquisition.

While this has become an accepted fact of life in the technological side of organizations and a disruptive, frequently dislocative force on the human side, the pace of change is just beginning to impact upon the consciousness of those concerned with the strategic side of enterprise. Those who are now long accustomed to asking "what is the useful life of this acquisition" seldom, if ever, stop to ask "what is the useful life of this idea"?

Although faced from all sides with the reality that change is now a highly accelerated, ever present force, even those organizations who seek the latest technological innovations seldom consider the obsolescence of the ideas that provide form to an organization's activities.

This phenomenon of contemporary organization life may simply be due to the fact that the feelings of ownership over ideas are stronger than the feelings of ownership over innovation. It could also be that many see ideas and beliefs, or philosophy, as being one and the same. They are not, of course. A set of beliefs provide the reasons for doing something. Ideas merely suggest how that something might be done. Thus, while a sound organization philosophy can last, even in a period of turbulent change, the useful life of an idea on how to proceed may be much shorter.

Still, ideas seem to have a life of their own and we think that that might have more to do with the way society is organized to do work than the individual longevity of even the best ideas. We give a great deal of priority to past practice or, to use a more descriptive word, ritual. On the strategic side of an organization we tend to develop ways of doing things that always outlast their usefulness. Direction by precedent may be a useful principle of law, but in organization it can mean doing some things forever simply because they have always been done that way.

This report has already pointed out that the perception of what constitutes regional development has changed dramatically in the years that have

passed since the first regional development corporation was established. Even the idea of industrializing rural Manitoba has become something less than a desirable goal. There are many, too, who say that regional development corporations must do much more than encourage economic development or recommend improvements. This partial description of the new regional development environment points out that, externally, ideas about regional development have changed. The philosophy which concerns itself with a healthy and balanced regional economy may well remain, but the ideas as to how and what that should be are not the same.

And so, the new challenge for regional development corporations or, if you like, their future considerations has to do with an examination of the "useful life" of their current ideas; the ideas which give form and substance to their activities and practice. In delivering our interim report, we felt time and again that we were being seen as challenging the core set of beliefs the corporations' held about regional development. Nothing could be further from the truth. What we are suggesting is that that core set of beliefs be brought back to a summit of regional development philosophy to see if it has stood the test of time, and to determine the degree to which these central beliefs are commonly understood and held. Beyond that, we are suggesting that each corporation needs to examine the contemporary value of current regional development ideas in the light of the contemporary regional development landscape.

While they may be fuzzy and indistinct, riddled with conflicting ideas as to practice and strategic direction, misunderstood as often as they are clearly understood, we believe there exists within the regional development corporations a core set of beliefs about that which now constitutes sound regional development. We think there needs to be an organized attempt to discover, or to rediscover, a common statement of that philosophy. We think, too, that once that has been done, the useful life of current ideas will need to be re-examined.

The concept that a commonly held set of beliefs will power and provide a sense of direction to an enterprise is just now beginning to receive appropriate recognition. Thomas Watson Jr., who wrote "A Business and Its Belief" is quoted on this subject in the new book "In Search of Excellence" as follows:

> "One may speculate at length as to the cause of the decline and fall of a corporation. Technology, changing tastes, changing fashions all play a part . . . no one can dispute their importance. But I question whether they in themselves are decisive. I believe the real difference between success and failure in a corporation can very often be traced to the question of how well the organization brings out the great energies and talents of its people. What does it do to help these people find common cause with each other? And how can it sustain this common cause and sense of direction through the many changes which take place from one generation to another. Consider any great organization — one that has lasted over the years — I think you will find that it owes its resiliency not to its form of organization or administrative skills, but to the power of what we call beliefs and the appeal these beliefs have for its people. This then is my thesis: I firmly believe that any organization in order to survive and achieve success, must have a sound set of beliefs on which it premises all its policies and actions. Next, I believe that

> the most important single factor in corporate success is faithful adherence to those beliefs. And, finally, I believe if an organization is to meet the challenge of a changing world, it must be prepared to change everything about itself except those beliefs as it moves through corporate life. In other words, the basic philosophy, spirit and drive of an organization have far more to do with its relative achievements than do technological or economic resources, organizational structure, innovation, and timing. All these things weigh heavily in success. But they are, I think, transcended by how strongly the people in the organization believe in its basic precept and how faithfully they carry them out."[1]

It is important, we think, that the regional development corporations recognize that there is a significant difference between philosophies and ideas. Ideas need a constant vigilance in a changing world, even though a critical examination of ideas will promote more conflict than a critical examination of philosophy will, simply because ideas are owned and, so, more prone to be judged as "right" or "wrong" in value terms. There is a line in a book that has helped countless thousands of people to achieve a new personal reality. The book is, by its nature, better left anonymous, but the line would serve a useful purpose here. It reads: "Some of us had tried to hold onto our old ideas but the result was nil until we let go absolutely."

Finally, we think that regional development corporations have a peculiar vulnerability when it comes to being judged on contemporary suitability. Someone once defined the term "development" as "planned change". In that latter regard, we found consistent and telling criticism about regional development corporations to not be about beliefs, nor even about past accomplishments, but to be about their current relevance to the contemporary task and their perceived inability to develop themselves; that the useful life of their ideas about sound regional development practice was in question and no longer providing satisfaction to their key supporters; and that, as a result, only 39% of their organizational roots were intact and functioning.

M.O. Harvey and L.J. Clark

The Pas, Manitoba
August 1983

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1 *In Search of Excellence: Lessons from America's Best-Run Companies*, Thomas J. Peters and Robert H. Waterman Jr., Harper & Row Publishers, New York.

APPENDIX A

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> "co-operative federalism is the best answer to the two main political problems which Canada must solve to guarantee her political future: the problem of the relationships between the central governments and the regional governments ..."

The Liberals concern for regional disparity was reflected in the passage of The Area Development Act (ADA) in 1963 with the objective to attract industrial development on a planned basis to designated areas — areas of chronic high unemployment. In 1966 ARDA was amended to cover all rural areas rather than agricultural ones only and to place more emphasis on development activities. In the same year an act creating The Fund For Rural Economic Development (FRED) was enacted with the purpose of providing financial support to new thrusts in regional economic development under ARDA. Although some changes in federal regional development policy have taken place since 1960s the main thrust has remained the same.

Those who have called for a change in federal regional development policy have often used a theoretical framework labelled dependency thrust, the dual model or the metropolitan - hinterland framework. According to Davis (1971:12),

> "hinterland means in the first instance, relatively under-developed or colonial areas which export for the most part semi-processed extractive materials ... including people who migrate from the country to the city for better educational and work opportunities ... metropolis signifies the centres of economic and political control located in the larger cities."

According to this theory central Canada, being the metropolis of Canada, controls both the economic and political power. Headquarters of the large commercial, financial and manufacturing companies are located in the metropolis. On the other hand, the hinterland, consisting of the rest of the country, in the most part, produces the raw materials to feed the factories in the metropolis and imports the manufactured consumer goods produced from the raw materials it has shipped to the metropolis. As Davis (1971:12) correctly notes there are hierarchies of metropolis - hinterland relationships.

> "As northern Saskatchewan in certain respects may be seen as an economic and political hinterland of southern Saskatchewan, so Saskatchewan, itself is in large part a hinterland of eastern Canada, and Canada of the United States."

To the proponents of this theory, any meaningful regional development policy must address this imbalance in political and economic relationships between the metropolis and the hinterland.

However, recently Clement (1980) has argued that the explanation of regional development should not be based on geographical areas but rather on class. As he points out,

> "It should be evident that it is not 'Ontario' purse which dominates the rest of Canada. It is the capitalist class and its operating arm in the economy, the economic elite, which has always performed and continues to perform this task. This capitalist class resides primarily in parts of the Toronto - Montreal - Ottawa 'Golden Triangle' but is national in scope and influence." (Clement, 1980:272)

THE MANITOBA EXPERIENCE

The short review of the federal regional development policy above provides us with the national context within which Manitoba's regional development policy has been fashioned. As a former Minister of Industry and Commerce stated,

> "... Manitoba has been considered implicitly as part of the region of western Canada, i.e. the hinterland of central Canada. However, at a lower stage in the heartland - hinterland hierarchy, Winnipeg simultaneously serves as the heartland for the rural and northern regions of Manitoba. While these two systems function concurrently, in tackling regional development problems and in considering remedial policies and programs, they must be dealt with separately since the constraints are not identical in the two relationships because on the one hand, the Manitoba government is in the hinterland, and in the other hand it is the centre or heartland." (Evans, 1975:89)

Indeed as Brewis (1971) points out, the high degree of regional economic disparity within Manitoba is compounded by the extremely heavy concentration of population in Winnipeg.

Although even the casual observer in Manitoba could notice the regional disparity within Manitoba the official recognition and acceptance of this disparity came only in 1963 with the publication of The Committee on Manitoba's Economic Future (COMEF). After an extensive and detailed analysis of the economy of Manitoba, the COMEF report notes that for rural regional development to succeed there must be a better co-ordination between various provincial agencies and programs. The report then states:

> "The formation of regional development organizations that would employ their own technical staffs should be encouraged. Because many of the programs facing rural Manitoba are regional in nature, this approach offers individual committees the mechanism for attacking these problems on a united front. The regional organization can be quite effective in dealing with problems of mutual concern such as the development of water and their resources, the establishment of regional parks, adjustments in agriculture to encourage new crop and livestock enterprises and the promotion of industrial and tourist development on a broad front. The regional organizations can help also to bring about greater co-operation between the farm groups and the town groups." (COMEF, 1963:XI-4-9)

The report also suggests that the provincial government provide matching grants for the salaries of regional development organizations. Further, the report suggested that government policies, including central pruchasing procedures, should be reviewed to ensure that they are compatible with the policy of rural decentralization of industry. Unfortunately the COMEF report payed no attention to the structure of its recommendation — regional organization.

However by 1969 eight district development regions had evolved. These consisted of five regional development corporations along the lines suggested by the COMEF report, the Interlake region (at the time an ARDA development region), metropolitan Winnipeg and northern Manitoba. In the same year, 1969, the report of the commission on Targets for Economic Development entitled "Manitoba To 1980" was published. The TED report, like the COMEF report, recognized the need for regional development and

the role regional development corporations can play in this process. According to the TED report, regional development objectives must meet the needs of four groups of people who together form a community of interest in the region's future:

> "1. Those who will remain in the region and perhaps move within the region.
>
> 2. Those who will leave the region.
>
> 3. Those who will move into the region.
>
> 4. Those communities outside the region which will receive people migrating from the region." (TED, 1969:412)

The TED report also points out that a successful regional development requires co-operation and agreement among the people of the region:

> "Experience has also demonstrated that it is unrealistic to expect the people of a region to automatically accept development recommendations proposed by federal and provincial governments. . . . The regional development process demands that the people of a region must participate in planning, effecting, adjusting and controlling community change. Regional development must involve the stimulation of local action and awareness by making available financial and technical resources for self-adjustment." (TED, 1969:411)

The TED report made six recommendations for what it termed "problems of promoting balanced regional development in Manitoba." These are:

> "1. The goal of balanced regional development must be taken into account in the formulation and adaptation of both federal and provincial policies. Both levels of government should co-ordinate internally their departmental programs affecting regional development.
>
> 2. The provincial government in cooperation with the Dominion Bureau of Statistics should develop adequate, regularly published statistical data concerning Manitoba regions.
>
> 3. The federal and provincial governments should formulate, in the immediate future, precise regional development objectives utilizing indicators of the type outlined in this report and must specify the degree of regional disparity which they are prepared to tolerate, what privileges they have established, what indicators they will adopt to evaluate the current situation, and in what manner they are prepared to assist development within any particular region.
>
> 4. Where research is required in order to obtain a comprehensive assessment of a region's economic potential (i.e., in the rural agricultural regions), the federal and provincial governments should underwrite the cost of research. Until this is accomplished, all major efforts for balanced regional development will be hampered by a fundamental lack of knowledge.
>
> 5. The leaders and people living in Manitoba regions should formulate precise objectives for development in their respective regions. Maximum participation should be sought from the region's population in formulating their objectives. . . . participation is particularly important among those people who will be expected to take concrete action in the regional development process.

6. All participants in the regional development process should adopt methods for continuing, comprehensive and systematic appraisal of alternative policy measures utilized to improve regional development performances." (TED, 1969:429-430)

With the exception of the regional analysis program through which selected socio-demographic data was published for the regions in the early '70s, there is little evidence to indicate that these recommendations were implemented.

A close look at the provincial strategy for regional development indicates that two major theoretical frameworks have guided regional development policy. The period before the publication of the "Guide Lines for the Seventies" seems to be based on the growth pole theory which is derived from Central Place Theory (Berry and Garrison, 1958; Christaller, 1966; Robinson, 1968; Richardson, 1969).

Central Place Theory visualizes the service center as the place from which goods and services are made available to the people in the market which it serves. Growth of a service center is related to its specialization in and provision of services, thus the demand for these services will determine the extent to which and how fast a center will grow. Central Place Theory is based on two concepts — the "range of goods" and the "demand threshold". The range of goods is defined as "the maximum distance at which dispersed population will still be willing to purchase a service offered at a central place (Christaller, 1966:50). As Robinson (1968) points out the range is the maximum distance in terms of time and travel costs that a consumer will travel to obtain a particular good or service at a particular location. There are many factors which influence the range of goods but its main determinant is the cost involved in transportation. Other factors which influence the range of goods include the level and distribution of income, the ease of access to competitive goods or substitutes and the state of transportation technology.

The second important concept in Central Place Theory is the demand threshold. This is defined as the minimum level of population or income required to support a particular service. The demand threshold is said to occur when the sales of a service are just sufficient in size to earn a normal profit for the provider of the service. The threshold is influenced by the level of population which utilizes the service (Richardson, 1969).

According to Central Place Theory, because various goods and services have different threshold requirements, a hierarchy of service centers would evolve. Those goods with a higher threshold requirement would be provided only in a more limited number of centers. Those centers specializing in the provision of higher order services would serve a broader market area which would include the market areas of all of the lower order centers in the area. Within a region, consumers would theoretically buy everything available in the nearest center and if they required any additional services of higher order they would travel to the next closest higher order to obtain it, and so on to the highest order center in the hierarchy. However, as the Canada Grains Group (1972) has found, with improvement in the transportation system, especially highways, consumers tend to bypass smaller and intermediate centers and travel directly to the largest centers where they purchase

all of the goods they require. Thus Central Place Theory encourages the strengthening and development of selected key trade centers as the bases for regional development.

However, with the publication of the Guidelines for the Seventies in 1973 a new philosophy of regional development emerged. The provincial government's policy for regional development was stated under "The Stay Option" policy.

> "The Stay Option requires the creation of economic opportunities, both within agriculture and within the local trade centers, so that citizens of rural Manitoba will have a real choice of lifestyle and working environment. The Stay Option implies that the public's investment in community facilities and other infrastructure in rural towns should be protected. It involves minimizing the human adjustment problems of large scale forced migration from the farm to the cities . . . The Stay Option requires that the well-being of rural Manitobans be enhanced and regional development reduced." (Province of Manitoba, 1973:36)

This policy ensures

> "that each and every citizen of the province has access to necessary goods and services, and cultural and other amenities, regardless of the size, location, or economic position of the community in which he or she resides." (Dyck, 1978:51)

The Guidelines for the Seventies also emphasized citizen involvement in planning and implementation of government programs.

An examination of government programs between 1972–1977 indicates that the objectives of The Stay Option policy have been pursued to a degree (Austman, 1978).

REGIONAL DEVELOPMENT CORPORATIONS

The first regional development corporation, The Pembina Valley Regional Development Corporation, was formed in 1964. By 1970, seven regional development corporations had been set up. Membership is voluntary and open to all incorporated cities, towns, villages and rural municipalities. Initially, half of the funds to operate the corporation and hire professional staff was provided by an annual grant from the provincial government with the other half provided through grants from each participating municipality. However, by 1973 nearly 70 percent of the operating costs of the Regional Development Corporations (RDC) came from government grants (Regional Development Corporation Review Committee, 1973).

The stated objectives of the RDC's are:

> "1. To create a favourable economic and social environment.
>
> 2. To investigate opportunities for development and encourage development in the regions.
>
> 3. To make recommendations for the improvements or removal of any impediments to development.
>
> 4. To strengthen communications between the member villages, towns, cities and municipalities and the province and federal governments, to ensure

> that the region was properly heard on those matters of major concern to all people who lived in the region." (Manitoba Regional Development Corporations, 1975:8)

Although the regional corporations have been in existence for almost two decades, no systematic empirical evaluation has taken place. This, despite the fact that the TED Report (1969) suggested a number of indicators against which the RDC's performance could be evaluated. In fact the only attempt to review the performance of the RDC's is the report of the Regional Development Corporation Review Committee in 1973. In what follows an attempt is made to present the highlights of that review.

The RDC Review Committee saw the roles of the RDC's as follows:

1. To encourage more effective participation of rural people in self development.
2. Identify regional needs and set priorities based on analysis and planning.
3. Expedite solutions which will significantly benefit the region according to the analysis of needs and priorities.
4. Provide an effective vehicle to deliver regional opinion to provincial, federal and municipal governments and to private investors.

The Review Committee emphasized the point that the RDC's should concentrate on developing longer term or innovative plans for regional development rather than providing a variety of services to people in the region. This emphasis on planning is supported and strengthened by the committee's detailed recommendation of a planning council for each RDC with a research director.

To make data collection for planning purposes easier the Review Committee recommended that the boundaries of the RDC's be amended to coincide with the provincial economic boundaries.

The Review Committee also recommended that a minister be appointed an ex-officio to each RDC since this will improve communication between the RDC's and the provincial government. In addition, in order to remove the misconception that development means only industrial/commercial expansions, the committee recommended that the RDC's relate to the provincial government through the Premier's Office rather than the Department of Industry and Commerce.

THE CONCEPT OF REGIONAL ORGANIZATION

Although both academics and politicians in Canada have recognized the need for regional development, little attention has been paid to the kind of regional structures necessary for effective regional development. In what follows, an attempt is made to review the only publication known, to the present, to write on regional organizations for regional development.

In a paper published by the American Institute of Planners in 1972 and revised in 1982, Bonner and Middleton outline the structure and functions for what they refer to as "regional community." Bonner and Middleton (1972) use Koestler's (1971)

> "general properties of open hierarchical systems as the basis of the definition of regional communities. The organism is to be regarded as a multi-levelled hierarchy of semi-autonomous sub-wholes, branching into sub-wholes of a lower order and so on. Sub-wholes, on any level of the hierarchy are referred to as holons. Parts and wholes in an absolute sense do not exist in the domain of life." (Kroestler, 1971:341)

This implies that if regional communities/organizations are to be useful sub-systems rather than unproductive appendages they must recognize the obligation

> "to integrate all substantially relevant decisions at their 'horizon' and their territory within the national hierarchy without coercing individuals or local agencies into 'sheep-like' homogeneity or violating restraints required in the interest of the national community." (Bonner and Middleton, 1972:9)

The term 'community' is used to emphasize the characteristics or qualities of interpersonal or interorganizational linkages such as shared values, accepted behavioral codes, dependences, psychological identifications, commonalities of interest, similarities or experience and the strength of such linkages. As Bonner and Middleton (1972) point out, we can not expect that the diverse programs initiated by federal and/or provincial governments and the private sector for the improvement of quality of rural life could be co-ordinated internally within government.

> "There is simply no way for 'centralized coordination' to take account of the infinite variety of locally specific mixes of problems and requirements for program outputs . . . This can be accomplished most effectively through a regional community structure which emphasizes improvement of local decision making by broadening and deepening areas of concern and understanding of problems and potentials." (Bonner and Middleton, 1972:15)

Following Freeman (1976), it is suggested that a regional community may extend over several municipalities. It may include a city or two and a number of towns, villages, shopping centers, with open country in between. In addition, the regional community may be natural in its geographic structure. The villages, towns, cities and municipalities may be bound together by roads, rivers and other physical and resource features that enable it to be a dynamic and fully functioning economic, social and cultural unit. Thirdly, the regional community may offer a wide range of industrial jobs, as well as a full range of employment in business, research, professional and trade services in addition to jobs in government in the field of public recreation and the arts.

As Bonner and Middleton (1971) point out, the boundaries of regional communities should not be considered as static.

> "And, as smaller but dynamic cities within non-urban regional communities continue to grow, some may eventually reach a size qualifying them for consideration as new, separate, urban regional communities. So, the process of territorial definition should not be considered a static one; the prime consideration should be that a sense of community is of paramount importance to successful organization and operation." (Bonner and Middleton, 1971:17)

To promote this sense of community, it is suggested that a great deal of attention be payed to expressions of sentimental attachment among existing

subregional organizations toward each other and towards any regional organizational structures already in existence when determining the boundaries of regional communities.

The following suggestions are made to guide the development of the structure of regional communities.

1. The regional community organization must be a statutory organization.
2. The entire province should be regionalized using the municipality as the geographic building block.
3. Provision should be made for possible changes in the boundaries.
4. Regional community organizations must be financially supported by both local and provincial funds.
5. The governing body of the regional community organization must reflect the interests of public and private organizations as well as those of the citizens.
6. The regional community organization should have authority to assist local units of government and private enterprise through provision of services and technical assistance.

The functions of regional community organizations are listed as follows:

"First, the development, enhancement and maintenance of the best living and working environments that will permit the physical, social, economic and psychological well-being of man and, simultaneously, preserve and enhance the amenities of the natural development.

Second, the prohibition of negative impact of known (or anticipated) development.

Third, the interests of the total constituency in developing individual plans and programs.

Fourth, the determination of how best to utilize scarce resources.

Fifth, the utilization of the comprehensive planning process for problem-solving.

Sixth, the improvement of management skills in both public and private organizations" (Bonner and Middleton, 1971:19).

It is strongly suggested that the roles of regional community organizations should be catalytic, stimulative and service oriented rather than legislative or regulatory.

GENERAL OBSERVATIONS

From the review above a number of general observations could be made:

Regional Developments:

1. Both the federal and provincial governments should recognize the need for and importance of a clear policy on regional development.
2. For regional development to succeed, there must be co-operation between federal, provincial and local governments.
3. Citizen participation in the planning and implementation of pro-

grams is a necessary prerequisite for meaningful regional development policy.

4. A meaningful and successful regional planning must be based on sound and adequate statistical information about the region.

Regional Organizations:

1. Any regional organization set up for the purpose of regional development must be a statutory organization.

2. Such a regional organization must be aimed at synthesizing a sense of community in the minds of the inhabitants of the region. Thus the boundaries of such an organization must recognize the expressions of sentimental attachment among existing sub-regional organizations toward each other and towards any regional organizational structures already in existence.

3. Such a regional organization should derive its financial support from both provincial and local governments.

4. The governing body of a regional organization should represent the interests of public and private organizations as well as those of the local residents.

5. Up to date statistical information about the region must be available to the regional organization.

6. There are two distinct roles that regional organizations could perform:

   (1) A regional development and coordination function — "To define a regional development strategy and to make representations (the drafting of background papers, the sponsorship of symposiua, etc.) to the different levels of governments."

   (2) Service and economic promotion — "Placing at the disposal of individuals and promotion in the area a set of specialized services and in stimulating the creation and growth of business firms and other enterprises in the region." (The Connexe Group, 1983:46)

Regional organizations must have a clear mandate regarding which of the above roles they are responsible for or whether both roles constitute their legitimate functions.